THE Freeman

IDEAS ON LIBERTY

OCTOBER 1958

Barriers to World Commerce	*William H. Peterson*	5
Another Tale of Two Cities	*Frederic Bastiat*	27
What's Bad about Labor Laws?	*Walter Leckrone*	28
The Administrative Agency Colossus	*Grey Leslie*	31
Each to His Own Folly	*Chicago Daily Drovers Journal*	38
Debts and Taxes	*James B. Utt*	39
Grasshoppers and Widows	*Robert LeFevre*	41
These, Our Gifts	*Leonard E. Read*	44
Freedom and the Purpose of Life	*Oscar W. Cooley*	52
The Adult Education Boondoggle	*Russell Kirk*	55
Mental Prep vs. Pragmatic Tech	*John Chamberlain*	58
Other Books		62

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MEMO ON PRIVATE ENTERPRISE No. 1

". . . initiative, ingenuity, inventiveness and unparalleled productivity."

"The genius of the private enterprise system is that it generates initiative, ingenuity, inventiveness and unparalleled productivity. With the normal rigidities that are a part of Government, obviously, the same forces that produce excellent results in private industry do not develop to the same degree in Government business enterprises . . ." This is part of the statement made by Robert L. L. McCormick, Research Consultant, on behalf of the Citizens Committee for the Hoover Report, before the Post Office Subcommittee of the Senate Committee on Post Office and Civil Service, June 23, 1958.

Mr. McCormick went on to explain why the Citizens Committee strongly opposes the handling of larger and heavier parcel post packages than are now accepted for movement between first class post offices. These packages are now handled by a variety of private shipping concerns. As the Committee states, such an extension " . . . would expose these privately-owned businesses to Government competition in its most direct form."

The consequences of such an extension would be widespread. In the case of the larger private transportation concerns, the resulting loss of revenue would require the discharge of thousands of employees, and, as in the case of many smaller private cartage firms, could jeopardize their very existence.

In addition, Post Office Cost Ascertainment Reports have shown that during the 32-year period, 1926-1957, the cumulative losses sustained in Post Office Department accounts alone carrying on parcel post activities amounted to well over *one and a quarter billion dollars! This means that the large users of parcel post are being subsidized at substantial cost to the American taxpayer.*

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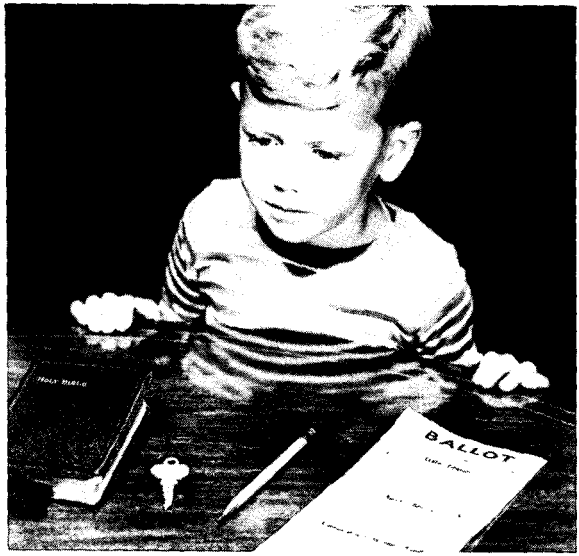

Men have died to leave you these 4 symbols of freedom:

A Holy Bible—symbol of your right to worship as you wish.
(First Amendment, U. S. Constitution)

A door key—your right to lock your door against illegal government force and prying.
(Fourth Amendment, U. S. Constitution)

A pencil—freedom to speak or write what you think, whether you agree with the government or not.
(First Amendment, U. S. Constitution)

And a free ballot—your right to choose the people who represent you in government—your protection against government tyranny.
(Article I, U. S. Constitution)

HALF the world is trying to destroy these 4 symbols and what they stand for.

Even in this country, there are people who threaten our freedoms, by trying to give the U. S. government more and more control over American life.

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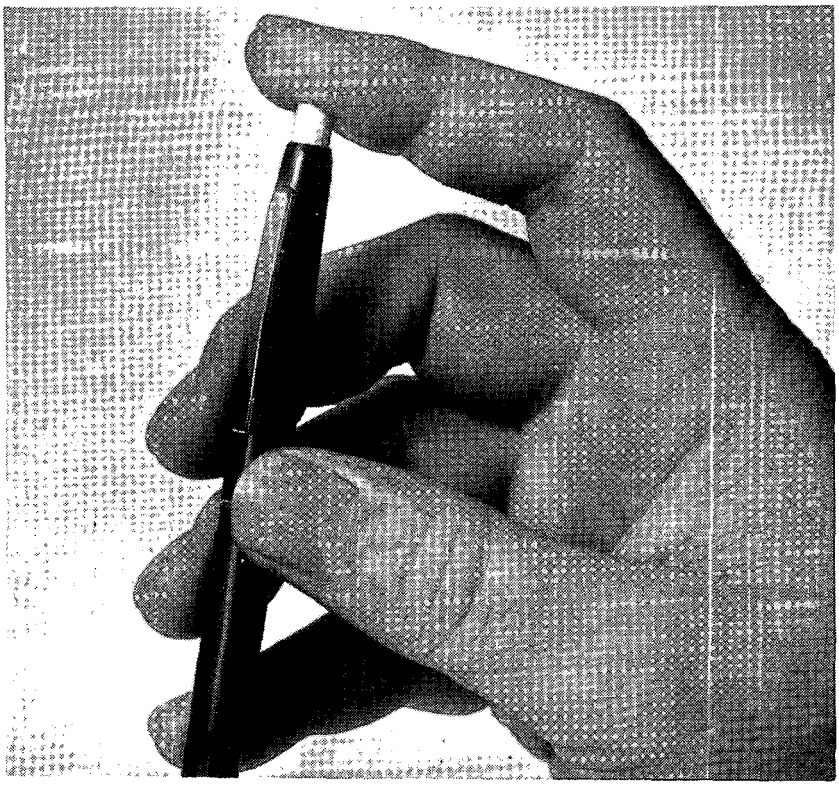

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THE Freeman

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The tariff is but one of many government-imposed . . .

BARRIERS to World Commerce

WILLIAM H. PETERSON

It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. . . . What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom.

ADAM SMITH, *Wealth of Nations*

"WE NOMINATE for oblivion," declared President Eisenhower in a speech last May, referring to certain economic illusions. Among the President's nominees for oblivion was "the notion that we can export without importing."

In view of the newly-extended Reciprocal Trade Agreements Act, another idea that ought to be added to the oblivion list is the illusion that lower tariffs, however desirable in themselves, *necessarily* mean freer trade; for the stated purpose of the Reciprocal Trade Program is freer trade through lower tariffs.

The four-year extension to the Reciprocal Trade Act emerged from the legislative mill riddled with "escape clauses," "peril points," and many other protectionist compromises. Congressmen from areas where local industries are vulnerable to foreign competition – textiles, chemicals, china, electrical manufacturing, nonferrous metals, bituminous coal, domestic oil, whiskey distillation, and so on – generally got the protection they sought, usually in the name of such old reliable arguments as "fight the recession and national defense."

At least three questions arise: A basic one – which is best for America, free trade or protection? Another – will the lower tariffs achieved under the newly-extended

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Reciprocal Trade Program mean greater trade? And, finally – if we are in an all-out neck-and-neck race with communism and economic and military proficiency is of crucial importance, would greater trade result in higher proficiency?

Free Trade or Protection?

Let us seek the answer to the first of these questions: *Which is best for America, free trade or protection?* The question might be rephrased more broadly: Which is best for America, freedom or compulsion? For in the act of protection lies the act of compulsion (a moral issue not to be treated in this discussion). Under protection consumers are no longer free; their choice is denied. Economic democracy breaks down; the rule of the few decides. To buy the foreign product consumers are compelled to pay a penalty, being forced in effect to do business with a high-cost domestic producer. As a result, the consumer pays more and gets less. The resources of the economy are prevented from flowing into the most productive industries; instead, much of the nation's resources are locked in inefficient, high-cost, protected industries. With the exception of the protected investors and managements, everyone loses.

Protected investors and managements disagree. Armed with political influence and specious arguments, the protectionists have gotten many "protective" tariff walls and numerous other trade restrictions as well. The protectionists plead, for example, that high American wages constitute an obstacle to trade – but fail to note that wage *rates* are hardly as significant as unit wage *costs*, which may be relatively low for the American producer who is heavily mechanized, as compared to a foreign producer with little but flesh and blood workers.

Again, the protectionists plead that their industries and workers "must be saved" for the sake of prosperity – but fail to note that the preservation of inefficient industries drains resources, capital, and labor from the more productive industries, with unhappy consequences to national production and hence real wages – prosperity.

Item: Canada, a country which ranks second among the highest wage-paying countries of the world, is Uncle Sam's best customer. Similarly the United States, the highest wage-paying country in the world, is Canada's best customer.

Item: Western Europe, though much smaller in physical size and with fewer people but with higher wage levels by far than in Africa and Asia, sends the United States more goods and absorbs more

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American goods in international trade than do the great populated low-wage land masses of Asia and Africa combined, including the Middle East.

Reasonable conclusion: High wages, rather than being a deterrent to American trade in particular and world trade in general, reflect greater ability to trade.

This empirical proof is supported in economic logic by David Ricardo's Law of Comparative Cost (1817). In his discussion, Ricardo included a hypothetical example of trade between Portugal and England. Suppose the Portuguese could make cloth more cheaply (i.e., Portuguese wages were lower) than the English, contended Ricardo, would Portuguese capital go into cloth?

In the long run, no, said the classical economist. For with Portuguese capital yielding a higher return on wine, capital would gravitate to wine and in the course of events cloth would be imported from England.

Hence, Ricardo's "law": Capital, unhampered, flows to industries of highest return, and costs should not be compared *between* countries but *within* countries.

Free Trade Defined

The case for free trade becomes, by logical inference, the case against protection. What is free trade? Two boys swapping tops for marbles is free trade. A retailer paying cash for supplies from a wholesaler is free trade. Free trade is simply voluntary exchange unhampered by government intervention. It is the secret of American well-being: 48, now 49, sovereignties in a colossal free trade area. It is the very heart of a market economy. It is part of the human make-up, what Smith called "the propensity to truck, barter, and exchange."

Free trade is, in a word, exchange – free exchange, along a two-way street for buyers and sellers. But many believe it is better to sell than to buy, for selling involves a seller's profit. One man's profit, according to this belief, means another man's loss. The idea of encouraging selling and discouraging buying, then, is extended to international trade. (Here, however, selling becomes exporting and buying becomes importing.) So, according to the old mercantilist doctrine, a "favorable balance of trade" is a country's trade whose exports exceed its imports – i.e., its sales abroad are greater than its purchases abroad.

The "favorable balance of trade" doctrine, still popular, is false. No buyer would buy if he knew he were going to lose. Quite the contrary, the buyer buys because he's convinced he gains. Adam Smith

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knew this (see quotation, page 5). Ben Franklin expressed the *mutual* gain of trade as follows:

"In transactions of trade it is not to be supposed that, as in gaming, what one party gains the other must necessarily lose. The gain to each may be equal. If A has more corn than he can consume but wants cattle, and B has more cattle but wants corn, exchange is gain to each; thereby the common stock of comforts of life is increased."

Division of Labor

Free trade both causes and is caused by what Adam Smith called "division of labor." Division of labor – i.e., specialization of production – enables enormous increases in productivity. (Probably every reader of these words is in some way a *specialized* producer.) Of further importance to international trade is that specialization applies not only to people but also to land and natural resources. Examples of people, land, and resources specialization come to mind – Brazilian coffee, Irish linen, Swiss watches, Chilean nitrates, French wine, and so on. Yet division of labor without trade, or trade without division of labor, is incongruous if not impossible. Like Tin Pan Alley's "Love and Marriage," trade and division of labor go together like "a horse and carriage."

The formula for free trade, then, could be constructed as follows: Free trade = international division of labor = greater regional productivity = greater trade = higher levels of living.

The Reciprocal Trade Program

What of the second question: *Will the lower tariffs achieved under the newly extended Reciprocal Trade Program necessarily mean freer and hence greater trade?*

Our answer, in brief, is No.

Certainly freer trade is the stated aim of the Reciprocal Trade Agreements Program. The Program, founded in the 1930's under Cordell Hull, works through the principle of a swap. Through diplomatic channels, the United States will lower its tariff on, say, Commodity X, which Ruritanians sell in the U.S., providing Ruritania will lower its tariff on Good Y, which Americans sell in Ruritania. So, presumably, with the quid pro quo of each country met, lower tariffs are in the offing.

The Program is open to criticism on two counts:

First, the Program, based as it is on reciprocity, seems to assume that tariff reductions can go forward here in America only if commensurate favors are extended abroad. This places, in Washington and in Geneva, Switzerland (headquarters of the UN's international

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tariff agency, GATT), heavy bureaucratic expense, license, and power over American industry.

The arbitrary and political power of bureaucrats in the State Department at home and abroad is enormous: Supposing a corporation has supported the "wrong" party in a political campaign or otherwise fallen out of favor with the powers-that-be, is there not the danger that the winning party could "sacrifice" the corporation in tariff negotiations with other countries – perhaps by removing protective tariffs on the industry or by increasing the protection to a competing industry as a form of hidden subsidy?

Moreover, the decisions of bureaucrats in the State Department and in GATT are reached in secrecy; and in GATT, American negotiators have but one vote in the international voting. Thus, for example, Ghana gets one vote, the United States one vote – a precarious position for American industry.

Perhaps more importantly, the goal of free trade frequently gets side-tracked under bureaucratic management. Trade and tariff concessions become a form of foreign aid and get tangled in international politics. The basic interests of the American consumer and the efficient American producer, both of whom stand to gain by free trade, are relegated to secondary consideration. What is needed in place of the philosophy of reciprocity, in short, is a thoroughgoing philosophy of free trade.

Secondly, the Reciprocal Trade Program comes under criticism because it virtually ignores the hard fact of world commerce that tariffs are but one means of restricting trade. There are, unfortunately, many others. Low tariffs or even no tariffs in a country can be completely obviated by *nontariff* trade restrictions. It is the main purpose of this essay to look over the more important of these nontariff trade restrictions, including:

1. Exchange controls
2. Bilateral trade agreements
3. State trading
4. Import quotas
5. Foreign aid
6. Cartels and international commodity agreements
7. Preferential trade treatment
8. Inflation and other monetary manipulation
9. Other statist measures

EXCHANGE CONTROL

Exchange control is a state monopoly over foreign exchange. As a modern practice it was initiated by Dr. Hjalmar Schacht, Hitler's finance wizard and exchange controller. The objective of Dr. Schacht was autarchy – economic self-sufficiency – to enable

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Germany to wage war. When that war came, the Allies felt exchange control was necessary for their own total mobilization. The resulting bureaucracy became a powerful lobby for the perpetuation of exchange control. Today, more than 13 years after the war, and despite the fact that the chief end of the International Monetary Fund was the abolition of exchange control, exchange control persists throughout most of the world. In other words, most of the world currencies lack free convertibility. (The U.S. is a happy exception.)

Convertibility Defined

Just what is convertibility? It's the unhampered freedom to exchange at market prices one national currency for another, whether in coin, paper currency, or debits and credits to bank deposit balances. When it exists, convertibility greatly facilitates international trade and investment by making international payments easier. For countless years it did exist – the quiet and successful lubricant of private enterprise. But no longer.

Today the American businessman considering, say, a plant location in Britain, a franchised dealer in France, or closing a sale in Spain has to worry, aside from all his other problems, about inconvertibility, i.e., exchange control. So in London the businessman checks with the Exchange Equalization Account Office. In Paris with the Office des Changes, in Madrid with the Centro Oficial de Contratacion de Moneda.

In all these cases he, like his European counterpart, finds he has to do business with a state monopoly with its usual trappings of red tape and bureaucracy. These are bad enough, but what really worries him is the suspicion that he may end up with far fewer dollars than he had first figured on.

In some countries as many as thirty different kinds of money with varying exchange rates will prevail at one time. There's "tourist" money, "import" money, "export" money, and many subvariations of each breakdown. In "import" money, for example, it is not uncommon for a country to classify its imports in importance as, say, "critical," "necessary," "marginal," and "unnecessary," and then to build up the foreign exchange rates for each import category as its relative importance diminishes.

Political Determinations

In all these cases bureaucracy – not the market – decides the crucial question of who gets what and how much. Perhaps it's theoretically possible that an all-wise and

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wholly impartial exchange control system could duplicate the success of private enterprise – speed the trader or traveler on his way with a minimum of delay and without favoritism or any rigging in the rates of exchange. But such is not the case in practice. In practice, for instance, there is the operation of the Brazilian exchange controllers who force Brazilian coffee producers to convert their dollars into Brazilian cruzeiros at artificial "official" rates. Thus are the Brazilian coffee producers deprived of a big chunk of the world market coffee price. This exchange control action inevitably discourages Brazilian coffee producers and ultimately hurts coffee consumers the world over.

Item: In 1945 the International Monetary Fund was established with a view toward world convertibility of currencies. Yet, 13 years later, of the 64 national members of the Fund, only 11 countries – all in the Western Hemisphere, including the U.S. and Canada – maintain convertibility, i.e., the absence of exchange control. Of the nine countries who are not members of the IMF, excluding the Soviet Bloc countries, Liberia is the only one that has no exchange control.

Licenses, priorities, quotas for imports and subsidies for exports, interstate clearing arrangements, shunting transactions, blocked currencies, balance of payments difficulties – all given to frequent breakdowns – manifest the creaking machinery of exchange control. The ill-designed machinery can hardly help but clutter and choke trade and investment across international boundaries.

"Dollar Shortage"

The crowning evidence of the futility of exchange control is seen in the long-persistent plaint of a "dollar shortage" or, as it is now euphemistically called, the "illiquidity problem." When other governments overprice their currencies in terms of dollars, dollars, in obedience with Gresham's Law, become scarce – i.e., "short." Like all other price-fixing arrangements, then, the exchange controllers must resort to rationing dollars, thereby placing international trade under an incredibly complicated system of licensing, quotas, and controls. "Dollar shortage," indeed! Better than $60 billion of postwar foreign aid has in no way relieved the "shortage." The clamor is for more.

Canada is proof of the efficacy of convertibility. On December 14, 1951, Canada completely dropped exchange control. Immediately the outward flow of funds and investment *from* Canada was reversed *into* Canada. Assured that their profits would not be embargoed in

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Canada, world investors moved large amounts of capital into Canadian industry and mining. The Canadian dollar began to rise against the American dollar and now has surpassed it in value – a dramatic instance attesting to the potential of a free market in currencies and the vigor of private "foreign aid."

BILATERALISM

A basic characteristic of free trade is indirect exchange. While international trade consists of swapping goods and services among nations, rarely does the individual trader in one country swap goods and services directly with a trader in another country. Instead, foreign exchange is used as payment for the traded goods and services.

The volume of foreign exchange receipts and payments may add up to a deficit balance of payments incurred by traders of Nation A in its dealings with traders of Nation B. However, Nation A uses its surplus balance of payments achieved in its dealings with Nation C to meet its deficit with B. The same technique of a "triangular" settlement holds for B and C. Such international trade and payments is called "multilateralism."

Contrasted against multilateralism is bilateralism, another modern practice dating back to the ingenious Dr. Schacht. Bilateralism is a throw-back to barter, for it involves two countries agreeing for a certain period of time to buy and sell to each other in approximately equal amounts and usually at predetermined prices. Bilateral trade treaties become economic strait jackets as countries commit themselves to dealing with only certain other countries for as long as five-year terms, regardless of the adverse economic and political conditions that hold or may develop.

As an example of bilateralism, note the one-year bilateral trade agreement signed by Japan and Formosa, retroactive to April 1, 1958. The agreement provides for an exchange of goods worth $85,250,000 each way. The principal Japansese goods to be exported under the agreement include fertilizer, machinery, iron, railway rolling stock, ships, and textiles. The chief Japanese imports from Formosa will include crude sugar, rice, canned pineapple, and salt.

Supposing the United States government concluded a similar bilateral agreement but in a far greater amount with, say, the government of Mexico, what would this mean for American consumers? Clearly, consumer freedom would be violated and competition in the imported items listed in the

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agreement would be delimited. Of the listed items, only Mexican imports would be admitted. Furthermore, since American consumers are also, broadly speaking, producers, American overseas markets and competition would also be delimited. Thus, coming and going, producing and consuming, American consumers would be bound by a rigid, unalterable, governmental decree.

Again, as in exchange control, it should be seen that bilateralism involves bureaucratic management and political judgments. Importers and exporters in the affected countries are not free to deal with the best sources and markets throughout the world. Price and quality considerations are secondary to political considerations. Since buyers are forced to turn to relatively unattractive sources and sellers to relatively unattractive markets, international buying and selling tend to diminish. International division of labor is stymied. World commerce is hurt. Consumers in the bilateral countries and to a degree in the rest of the world lose.

STATE TRADING

State trading is international trade by governments. Usually the governments have title to the goods in trade. Sometimes the governments have no title but take an active role in negotiations over the terms of trade, and this also constitutes state trading.

The clearest examples of state trading are found in the Soviet bloc countries. Inasmuch as a "comrade" in a "people's democracy" is prevented by law from holding title to commercial goods, trading within the bloc is on a state-to-state basis – in a simple single transaction, one government exports, the other imports.

The USSR, which in April 1918 nationalized foreign trade, has created various state agencies to handle its foreign trade transactions. On the export side, for example, is Soyuzugelexport (coal) and Soyuzneftexport (oil), and on the import side are such agencies as Soyuzemtimport (steel products) and Textilimport (textiles). In most of the major countries of the world, the Soviet government has established state trading agencies or "trade delegations." In the United States, the official Soviet state trading agency is the Amtorg Trading Corporation, chartered under New York State law in 1924 and presently located at 49 West 37th Street in New York City. Amtorg has been relatively quiescent, with the cold war and its having figured in a sensational Congressional investigation of subversion following World War II.

Outside the Soviet bloc, state

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trading is much less on a state-to-state basis than it is on a mixed basis – one party is governmental and the other is private. Almost half of the foreign trade of Argentina, for example, has been operated by a government bureaucracy, IAPI. Britain, France, Italy are among the many countries with nationalized industries, which almost inevitably forces these countries into state trading. The British government, for example, monopolizes the importation of several commodities and foodstuffs through exclusive bulk trade agreements with other countries. The French government has been buying about one-third of France's imports.

Stockpiling Operations

The United States is not immune. The American government has for the past generation been purchasing strategic and nonstrategic commodities on its own account for stockpiling and price-support purposes. Copper, lead, and zinc, regarded as critical defense industries, have long been the beneficiaries of government purchases, as well as government tariffs.

In exporting, the American government is engaged in a giant overseas surplus agricultural commodity disposal program, one of the repercussions of the government's "parity" farm price supports. So the U.S. government "sells"– dumps, say many foreign producers – its surplus wheat, corn, cheese, cotton, and other commodities abroad at knockdown prices. Ironically, these prices often are much lower than those paid by American citizens. And while the law (PL 480) governing such sales proclaims that no disturbance of world markets and prices is to occur because of the American disposal operation, disturbances have been inevitable. Formal protests to the U.S. have been registered by Australia, Brazil, Canada, Denmark, Burma, Netherlands, Mexico, New Zealand, Argentina, and Uruguay.

Item: In 1958 the New England Governors Textile Committee formally protested the discriminatory action of the U.S. government for selling cotton to foreign textile mills, especially in Japan, at far lower prices than those paid by New England textile manufacturers.

The troubles with state trading are many. It is an outright denial of free trade. It carries all the evils of monopoly. It suffers all the ills natural for bureaucracy and socialized industries. It is, more often than not, noneconomic and discriminatory, forever weighing political and military considerations. It tends to incur interna-

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tional ill will. With international division of labor and free trade stymied, consumers in the affected state trading nations in particular and consumers the world over in general, come out on the short end.

IMPORT QUOTAS

To the protectionist-minded government, tariffs are faulty in a number of respects and this accounts for the rise of nontariff restrictions. One of the faults of tariffs is the absence of any accurate control over the volume of imports. Technically there is no limit to the amount of foreign goods an importer can bring in if he's willing to pay the penalty. While this problem can generally be met by prohibitively high duties on the protected goods, many governments prefer to impose precise quantitative restrictions.

These restrictions – import quotas – are usually for one-year periods and are expressed in physical terms: tons, board feet, gallons, units, as the case may be. Ruritania, for example, may declare: We will admit but 10 million bushels of foreign wheat in 1959. Such quotas may be set globally, by countries, or through import licensing. Global quotas simply specify limits which may be imported from the rest of the world, which means that the closest countries, geographically, will have the jump on those furthest away. Country quotas eliminate this discriminatory feature by allocating the quantitative restrictions to each exporting nation according to the base-period method. Country quotas also discriminate, however; this time against those nations whose export industries are fairly new and hence could not qualify under an old base. Import licensing frequently imposes limits on the amounts of specified goods which may be brought into the country, and the licenses themselves are not uncommonly restricted to favored importers.

Item: The United Kingdom, before 1939, used to import freely American products now heavily restricted by import quotas. For example, in a recent year, the U.K. admitted the following quantity of appliances from one company: one dishwasher, 35 electric ranges, 25 deep freezes, 19 washers and dryers, and 194 refrigerators. In the same year, only 650 American cars of all makes were permitted to be imported into Britain while British cars were exported to the U.S. by the tens of thousands.

Import quotas have not been common in America. Of late, though, the U.S. government has been establishing quotas on farm imports, especially on sugar, cereals, and dairy products. Also, the Eisenhower Administration has

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set a so-called "voluntary" oil import quota system for the American oil industry. The system had been demanded by domestic oil and coal interests. The Administration declares it to be a "defense" measure. Practically all of the major oil companies with overseas oil fields have now "agreed" to specified limits on crude oil imports assigned to each oil concern. Political and economic repercussions have quickly redounded to the U.S. from such oil-exporting nations as Venezuela, Canada, and Middle Eastern countries.

Quantitative restrictions are hardly calculated to spread good will among nations. They constitute a crass form of protection. Retaliation is usually quick. France initiated the modern quota system early during the Great Depression, and by 1937 more than 25 other countries had some kind of quota system in operation. Quotas impede international division of labor. They require costly, arbitrary, bureaucratic, discriminatory management. They discriminate against both foreign suppliers and domestic importers, as well as against the nation's consumers who must foot the bill with higher prices and bigger taxes.

FOREIGN AID

In his foreign aid message to Congress in February 1958, President Eisenhower requested a $3.9 billion program of military, economic, and technical assistance to "the free world" for the government's accounting year, 1959. The President emphasized the role of fostering international trade that foreign aid was to play. Said the President:

"[The aided countries] must have technical assistance to train their manpower, to explore their resources, and to use them productively. They must have supplementary capital from abroad for investment in agriculture, power, transportation, and industry. They must have help to tide them over economic difficulties that threaten their stability and cohesion. *They must have increasing trade with availability of necessary imports and growing markets over the long term.*" [Italics added]

It is not feasible at this point to explore the case for foreign aid, which in postwar credits extended by the U.S. abroad amount to more than $60 billion. But it is to the point to note that foreign aid tends to preclude free trade and private investment.

Certainly, foreign aid disrupts normal world trade patterns. Most American aid credits – about three-fourths – must be spent in the United States. Many of the aided countries would prefer to spend these credits elsewhere.

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They do not, as a rule, wish to import from their principal creditor nation, and most assuredly they would rather buy where terms are most favorable. Other supplier nations, especially those whose prices are lower than those of the U.S., resent the spectacle of their actual or potential customers being supplied gratis or at subsidized prices, however attractive this might be to the aided consumers.

Item: Between 1946 and 1956 it is estimated that $60 billion in American credits were transferred to "the free world" in foreign aid, two-thirds of it in so-called economic aid. This figure amounts to 40 per cent of the value of the American exports during the same period which totaled $155 billions.

It is important, too, to note that U.S.-provided steel mills, railroads, electric generating stations, jute mills, canning plants, and so on are not sanctioned through market forces and unhampered international division of labor but rather through the decisions of bureaucratic management both in the U.S. and in the recipient countries. Investment errors of great magnitude are likely under such circumstances.

Moreover, aid is a government-to-government matter. Private enterprise in recipient countries is discouraged. So is private investment from overseas. Governments already hostile toward capitalism resent as degrading charity the aid they will nonetheless accept. With an almost assured flow of aid dollars (aided countries can always threaten to turn toward the communists), recipient nations are anything but moved toward creating conditions conducive to private property and free enterprise —the foundations for free trade.

Foreign Aid Nurtures Socialism

The crowning result of foreign aid, then, is that the U.S. has inadvertently nurtured socialism in order to fight its blood brother, communism. Socialized industries, notorious for their inefficiency, will hardly fare well in world markets. And inasmuch as socialized industries are not subject to the sovereignty of the consumer, it follows they will not be eliminated from the competitive race. Rather, their governments will likely cut off foreign competition through protection and, if there is to be "international trade" engage in state trading. Consumers in the protected country will lose and so will the consumers of the world at large because of this interference with the international division of labor.

It follows, also, that the corollary of foreign trade, foreign investment, is similarly hampered by foreign aid. Capital is timid. It

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will hardly venture into lands where governments are "establishing" industries and where private property is suspect and subject to nationalization.

"Trade, not aid," so worshiped in the abstract, should be the reality instead of the de facto "aid, not trade."

CARTELS AND INTERNATIONAL COMMODITY AGREEMENTS

Cartels and international commodity agreements amount to monopolies on an international scale. These arrangements aim at price-fixing and market allocation and hence are highly restrictive of international trade. They are the antithesis of free trade.

Cartels are quasi-private arrangements between two or more business firms in different countries to reduce or eliminate competition. The privacy of the arrangements tends to be short-lived. Sooner or later, a cartel must have government protection, for otherwise "outsiders" would flood the cartel's markets and "wreck" prices. This would be wonderful for consumers but poison for the cartel.

Cartels are illegal in the United States under the Sherman Antitrust Act of 1890. This restraint has been diluted by the Webb-Pomerene Act of 1918 and the government's participation in commodity cartels euphemistically called "international commodity agreements." The Webb-Pomerene Act provided that American companies could form "export associations" and fix export prices and quantities.

Item: Two American airline companies, Trans World Airlines and Pan American, although regarded by the government as regulated private utilities, participate in an international airline cartel, the International Air Transport Association, most of whose members are nationalized. The Association sets prices, determines operating conditions, and, to an extent, allocates markets.

International commodity agreements are essentially cartels, invariably started by governments. Ordinary cartels are private agreements ultimately requiring public support. International commodity agreements are public agreements from the outset. Each, cartel and international commodity agreement, is aimed straight at the heart of free trade and international competition. Their main purpose is price-fixing or "stabilization." This purpose has led to governmental controls over production and marketing. To court public favor, controls are generally declared necessary to achieve an "orderly marketing of staple com-

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modities," or some such objective.

Commodity agreements have been tried for wheat, sugar, wool, rubber, tin, cocoa, coffee, and other items. The history of such agreements shows anything but success in "stabilizing" prices and controlling production and marketing. Certainly consumers have little, if anything, to gain from the operation of commodity agreements. Yet the United States participates as a producing nation in two big current commodity agreements, the International Wheat Agreement and the International Sugar Agreement. The cost of the latter to American sugar consumers, who are forced to support inefficient domestic sugar cane and beet sugar producers, has been estimated at 50 per cent over the world sugar price.[1]

The results of cartels and international commodity agreements are the same: International competition and investment are stifled. International division of labor accordingly suffers. Consumers the world over are losers. Power politics intervene. "German cartels," to quote from Professor Michael Heilperin in his *The Trade of Nations* (New York: Knopf, 1947. p. 87), "greatly encouraged and later controlled by the state, became the handmaiden of power politics."

[1]Poirot, Paul L., "Flies in the Sugar Bowl" in *The Freeman*, May 1956, p. 6.

PREFERENTIAL TREATMENT

The point of trade restrictions is to impose preferential treatment – almost always a preference for domestic producers, and occasionally for favored foreign producers. Tariffs, of course, are a form of preferential treatment. In 1953 Switzerland, for example, increased her tariff on American nylon stockings by 300 per cent, but this may have been in retaliation against recent increases in the American tariff on Swiss watches.

President Eisenhower expressed this preference to the Canadian Parliament last July, as follows:

"Neither of our countries is a 'free trader'. . . . Each of us feels a responsibility to provide some protection to particular sectors of our economy which may be in distress. . . . We have taken some actions of this sort. So has Canada."

The President might have illustrated American protection through preferential treatment by pointing to a U.S. government order a few years ago to two Pittsburgh companies for generators and transformers for the Chief Joseph Dam on the Columbia River. The order amounted to $6,300,000. Yet a British concern had offered to supply the same equipment for $5,300,000. How did our government justify its paying some one-fifth more than the Brit-

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ish price? It invoked the "Buy American" Act of 1933, which authorizes the government to pay more for American products when such orders would create work in areas of "substantial unemployment" or when "national security" is threatened. (Note: After much delay and political discussion, the order was withdrawn from the two Pittsburgh companies and awarded to the British company.)

Item: Many countries in effect embargo American cars through the simple expedient of imposing weight or power limits on cars and trucks for use on their highways. Through this technique Bermuda, for example, excludes imports from the American automotive industry.

Similarly, the U.S. government subsidizes American shipbuilding and shipping on the theory that these are industries critical for national defense. However, in this regard, the U.S. is little different from most of the world in such preferential treatment of shipping. "Peril points" and "escape clauses" are prime examples of American preferential treatment. "Peril points," initiated in the 1948 Extension Act, permit the U.S. Tariff Commission to review each rate on the "bargaining list" and determine at what point further tariff reduction would "injure" American producers. "Escape clauses," an extension of the peril point idea, unilaterally allow the United States or its treaty countries to suspend or modify a tariff concession in any trade treaty with another country when "increased imports threaten serious injury to the domestic industry."

Canada, too, as the President observed, has also hewed to preferential treatment. Canada and other British Commonwealth countries, for example, utilize what they call "imperial preferences," meaning that goods moving between Commonwealth countries may enter at a lower duty rate than the same goods originating from countries outside the Commonwealth. Imperial preferences got their start, in part, as retaliation against the American Smoot-Hawley Tariff of 1930 which raised American tariffs to an all-time high. Britain, again at least partly because of retaliation, deserted her traditional free trade banner with her highly protectionist Import Duties Act of 1932.

"Common Market" Schemes

Preferential treatment of sorts is one of the aims of common market schemes such as Benelux (Belgium, the Netherlands, and Luxembourg) and the just-launched European Common Market. To be sure, common markets (sometimes called customs unions) widen the area of free trade within the com-

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mon market countries. And this is a good thing, as far as it goes. Regional division of labor will be broadened, and greater trade should result. In trade relations with countries outside the common market, though, common market authorities are likely to erect a tariff wall higher than the average tariff level prior to the formation of the common market.

This is a danger for the European Common Market in particular. France, a Common Market member, has long been a notoriously protectionist country. France thus may force the Common Market tariff wall to great heights. For America, this would be an irony. America has been one of the chief sponsors of the European Common Market; it may be one of the chief losers by it, with American goods shunted by Common Market tariffs from European consumption. Moreover, there is now talk in world capitals of a South American common market, a Central American common market, a North European common market, and a Far Eastern common market, all of which conceivably could isolate the U.S. in international trade.

Preferential treatment, it must be emphasized, is not the preferences of individuals and trading groups freely deciding what to buy, when, where, and how. Preferential treatment is treatment enforced by governments, exerting their authority over international trade. International division of labor and international trade and investment are certain to suffer as a consequence.

INFLATION AND OTHER MONETARY MANIPULATION

If the nineteenth century was an era of the gold standard, free trade, and monetary stability, the twentieth century has been an era of managed currency, protection, and monetary instability. This instability – i.e., violent inflation – has boded ill for international trade, which wholly depends on international payments. Inflation – the expansion of money and credit – distorts "official" exchange rates. Domestically, it tends to set in motion a flight from currency into goods. Externally, it tends to cause another flight: a flight of "hot money" fleeing to foreign sanctuaries where inflation is relatively quiescent. Inflation ultimately causes domestic prices to rise with the result that foreign importers are strongly inclined to shop harder for better bargains elsewhere.

True, gold still continues to serve as an international medium of exchange, though on a very limited basis. Today practically all the nations of the West, including

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the U.S., avoid gold – the historical lubricant of free trade – as a domestic standard; i.e., gold redeemability is no longer a right accorded to citizens of the West.

This *political* "flight" from gold has received important intellectual support from the late Lord Keynes who once referred to gold as a "barbarous relic." It was Keynes who sanctioned the notions of "full employment" and manipulated monetary systems.

Endless Intervention

What does monetary manipulation have to do with restrictions on international trade? Just this: Full employment policies are nationalistic policies. If falling foreign demand hurts the export industries and causes unemployment at home, political authorities contend that the restoration of the "full employment equilibrium" requires import restrictions to "protect" domestic markets and to "create" employment. A further Keynesian requirement: inflation, the forced expansion of money and credit. For in "mature" economies, argue the Keynesians, less-than-full employment is inevitable unless some "socialization" of demand and investment (i.e., inflation) takes place.

The past generation has been one of fantastic inflation the world over. Governments spend and spend, pumping out ever more money. One Keynesian admitted in the London *Economist* a few years ago: "Inflation is nine-tenths of any practical full employment policy."

Little wonder, then, inflating governments soon face balance of payments difficulties. Exports, loaded with inflated costs, fare less well in world markets and shrink in volume. Imports become relatively cheaper in the domestic market and grow. The government, somewhat bewildered, first applies exchange control to mask inflation and maintain the fiction of "official" exchange rates. Then to cheapen its exports and regain world markets, the government comes to the inevitable: devaluation. But, later, still more inflation, and the cycle of "re-evaluation" (i.e., devaluation) repeats itself.

Inflation, in short, is the handmaiden of exchange control and protection. It generally spells death for free trade.

OTHER STATIST MEASURES

Monetary manipulation (inflation) is but one form of government intervention in economic activity. Would that it were the only one! Unfortunately there are many others, all of which contribute to the rationale and hence the machinery of protection. Among them are price controls, monopolistic and

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militant labor unionism, various open and hidden subsidies, "planning," and nationalization. All of these constitute direct or indirect interference on the part of government with the free forces of supply and demand. Bureaucratic management and political judgments go into ascendancy. Inefficiency, as noted by C. Northcote Parkinson in his splendid essay, "Parkinson's Law," becomes inevitable. And with the inefficiency comes higher costs, pushing domestic prices ever higher and thereby worsening foreign trade positions. Further intervention then becomes inevitable, for governments are inherently not prone to admit their failures. Protection is *the* almost certain answer to the failures of intervention. Intervention breeds intervention, in short.

Consider the matter of nationalization. When Mexico, for example, nationalized the foreign investments in its oil industries in 1938, it was the second largest oil producing country in the world. Foreign investments, quickly and understandably, came to practically a complete halt in Mexico. Mexican technology was, to put it mildly, inadequate to face the many problems imposed by nationalization. Today the Mexican oil industry stands ninth in world production. The abortive nationalization of the Anglo-Iranian Oil Company property by Premier Mossadegh of Iran during the early 1950's affords another example of the futility, but never-dying vitality, of intervention.

Subsidy of exports is another form of state intervention, a form going back to the mercantilistic policies of the seventeenth and eighteenth centuries. Subsidy is regarded as a form of economic warfare. Outright bounties are rare. But various indirect means of subsidizing export industries are common. France, for instance, employs the following export devices:

- Refund of fiscal, payroll, and social security taxes
- Exemption from production tax
- Credit volume limitations waived for exports
- Lower discount rate on export commercial paper
- Government loans to boost export production

Price Controls

Take the matter of price controls. Usually the basis for price controls is the advertent or inadvertent policy of inflation by the government. The result of inflation is rising prices. "This is an intolerable situation," declares the President of Ruritania, asserting that "profiteering" must stop. So to stop the "profiteering," the Ruritanian government doesn't

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stop the monetary expansion but institutes price controls. Complications arise. For example, manufacturers using commodities and supplies from overseas quickly find themselves in a dilemma. They tell their overseas suppliers that they are sorry but domestic prices are under control and Ruritanian manufacturers can no longer pay the world price for commodities and supplies from overseas. Meanwhile, the price controllers are also in a dilemma: If they allow their manufacturers to pay higher world prices (for other countries are also inflating their credit and currencies), how will the domestic price "ceilings" be maintained? A possible answer in the "protectionist psychology": bilateral trade agreements, a reversion to barter. The point is that intervention and protection go hand-in-hand.

Item: Between World War II and 1955, France and Britain engaged in an increasing trend of state intervention. Relatively speaking, West Germany and Switzerland engaged in a decreasing trend of state intervention. France's tariff level advanced about 35 per cent and Britain's by about 40 per cent. Switzerland's tariff level, however, fell by about 35 per cent and West Germany's by some 70 per cent. West Germany's "recovery" from World War II is world-renowned; Great Britain and France limp along.

Whatever the intervention, then, free international trade is likely to suffer. Exporters, finding themselves underpriced in foreign markets, demand a subsidy. Labor unions, finding employers losing orders because of foreign competition, demand that their governments undertake "appropriate action," i.e., protection. Planning officials, finding the free give-and-take of international trade upsetting their planning targets, demand "controls" over international trade. Almost all of these demands spring from prior intervention. All of these demands add up to calls for protection.

Item: In February 1958, the American Tariff League, Inc., a protectionist lobby, listed the following major nontariff trade restrictions used by 89 nations of the world:

	No. of countries
Advance Deposit for Imports	13
Exchange Licenses	33
Exchange Tax	9
Existence of Blocked Nonresident Accounts	10
Export Licenses	46
Forced Exchange of Payments Received in Foreign Currency	47
Import Licenses	62
Import Quotas, Agricultural	9
Import Quotas, Non-agricultural	8
Multiple Exchange Rates	23

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Preferential Exchange Systems..16
Preferential Trade Systems 21
Restrictions on Incoming
Capital Movements 28
Restrictions on Outgoing
Capital Movements 36
Restrictions on Payments for
Invisible Imports 45
State Trading 13

In addition, the League says there are 20 other distinct forms of nontariff restrictions, including discriminatory taxation on nonresident investments (4 countries), bond required of importer by government (1 country), import embargo (5 countries), and surcharge on exchange (6 countries).

Not Aid to Trade

We reach the answer to our second question – will the lower tariffs achieved under the newly extended Reciprocal Trade Program necessarily mean freer and hence greater trade? The answer: No. While "the free world" deplores the protectionism of the United States, a policy we need not be proud of nor one designed to increase the economic well-being of the nation, the fact remains that our allies are far more protectionist than we. The protection is far less today in the form of prohibitive tariff walls but rather through a bewildering variety of nontariff devices.

Trade and Productivity

Now for the last of our three questions: *If we are in an all-out neck-and-neck race with communism and economic and military proficiency are of crucial importance, would greater trade result in higher proficiency?*

Our answer, in brief, is Yes.

The rule to remember is that what hurts consumers hurts business, and what hurts business hurts proficiency. After all, what is proficiency? Simply the power to produce. The power to produce is best determined by free trade, and not by bureaucratic decree. The power to produce is a corollary of the power to trade. Thus the more trade the more production, and the more production the more trade.

Protection, on the other hand, is aimed at the power to trade. In this, the protectionist government does indeed aid *some* industries, but only at the expense of *all* industry. Under protection, all domestic industry is deprived of markets at home and abroad. All domestic industry is hurt by the higher costs of labor and materials. Thus by restricting the power to trade and locking in inefficiency, the protectionist government restricts the power to produce.

This means, in turn, that consumers will have less, for produc-

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tion constitutes the sole means of consumption. The power to produce, after all, is the power to consume.

National Defense

One more point: Our final question implies the consideration of war. Which is the harbinger of war, free trade or protection? Protection, it will be remembered, is frequently imposed as a "defense" measure. We protect, say the protectionists, to be ready for war. But what of the aggression involved in protection? Stopping goods and services, interfering with the movement of and payment for international trade — these actions hardly are likely to foster international good will. Autarchy may well mean self-sufficiency, the basis for a war footing. But free trade means civilized, peaceful cooperation among free peoples.

In sum: Protection breeds animosity. Trade breeds friendship.

Item: The Tariff of 1828, in the South known as the Tariff of Abominations, touched off great Southern animosity and South Carolina's Doctrine of Nullification. The Civil War followed in the wake.

Item: Beginning in the 1920's and accelerating during the 1930's, increasing protection against Japanese imports was a policy of the American government. The policy was hardly calculated to incur the good will of Japan. In 1941: Pearl Harbor. In 1954, by way of contrast, the American government advanced as one of the reasons for the extension of the Reciprocal Trade Program: "to improve Japan's trading prospects in the world, an essential element to stability in the whole Far Eastern situation."

Item: The nineteenth century was a century of free trade and relative peace. The twentieth century, so far, has been a century of protection and war. • • •

IDEAS ON LIBERTY

Competition Is the Mainspring

IT SHOULD NEVER BE FORGOTTEN, however, that to argue for higher tariffs is automatically to argue against greater competition . . . For free competition, and not some particular industry, is the mainspring of this economy. To the extent it is diminished, the economy, and consequently the defense effort, must needs suffer.

Wall Street Journal, March 28, 1955

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ANOTHER TALE OF TWO CITIES

FREDERIC BASTIAT
(1801-1850)

ONCE UPON A TIME, there were two cities—Stulta and Puera. But because of the mountains and swamps between them, they found it difficult to trade with each other. So at great expense, they built an excellent highway from one city to the other. And as expected, trade between them increased rapidly.

But soon thereafter, certain groups in Stulta began to complain that too many products were coming over the new highway from Puera. They feared that the economy of Stulta would be ruined thereby. So the government of Stulta began to impose quotas and tariffs against products of Puera. In retaliation, the government of Puera imposed equal restrictions against products from Stulta. And so it continued for many years; the advantages gained by the new highway were destroyed by the restrictions on its use. The amount of trade between the two cities was about the same as before the highway was built.

But as sometimes happens, a few persons in Puera began to question the idea of retaliatory tariffs against Stulta. The spokesman for this faction argued as follows:

"It is true that the restrictions imposed upon us by Stulta are a hindrance to the *sale* of our goods in that city. That is a misfortune. But the restrictions we have imposed in retaliation are a hindrance to our *purchase* of goods from Stulta. This is a further misfortune. Now there is nothing we can do about the restrictions against trade imposed upon us by Stulta. But we can do something about the restrictions we ourselves have imposed upon our purchase of goods from that city. Since we cannot do away with the total evil, at least let us abolish that part of the evil that we ourselves have created. We can always hope that the people of Stulta will someday learn that free trade is in their own best interests. Then they will abolish their restrictions against us. But meanwhile, we are foolish indeed to continue to injure ourselves in order to spite the misled people of our neighboring city."

Translated and condensed by Dean Russell from *Selected Works of Frederic Bastiat*, Volume 1. Paris: Guillaumin, 1863, pp. 68-69.

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WHAT'S BAD ABOUT LABOR LAWS?

WALTER LECKRONE

IT NEVER SEEMS to occur to the Congress of the United States that maybe the trouble is we have too many labor laws already.

The very existence of this vast, complicated, and often conflicting body of what we know as "labor law" itself implies that men engaged in any activity of a labor union are somehow different from the same men engaged in any other human activity and hence must be made subject to special restrictions, exemptions, regulations, and privileges that nowhere apply to anyone else.

It doesn't require a very skeptical analysis of the present situation to come to a conclusion that most, if not all, the ills that plague the whole field of labor representation and relations actually have been created, or at least enlarged, by these very "labor laws" themselves.

Mr. Leckrone is editor of The Indianapolis Times, *which carried this article June 22, 1958.*

Not all this mass of "law" – or even most of it, of course, has ever in fact been enacted by any legislative body, either national or local. Much of it has "just grown." To a very large degree it is made up of the rulings of bureaucrats, including thousands of the most minor-type bureaucrats, employed in its administration. Another great segment of it comprises the decisions of courts, up to and including the United States Supreme Court, many of which go far beyond judicial interpretation of enacted statutes and actually constitute whole new enactments of law which Congress has either refused, or failed, to approve.

Nor does it even end there.

* * * *

Any reporter who has watched at firsthand – as I have – very many of what we euphemistically describe as "labor disputes" knows perfectly well that a substantial lot of de facto "labor law" actually

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has been created by authorities no more competent to do so than local sheriffs, prosecutors, police chiefs, and even patrolmen on the beat where a dispute was in progress. At this level of government the practice has been so widespread and so long-continued of refusing to intervene in acts of violence right under their own noses if a "labor dispute" was involved – which under any other circumstances would have been considered rioting or assault and battery or arson or even, occasionally, murder – that a virtual legal immunity has been conferred upon those who commit them, whether they are done by, or to, the members of a union.

Dean Roscoe Pound of the Harvard Law School last year published an authoritative little monograph, *Labor Union Exemptions*, in which he discussed the startling number of laws applicable to everybody else but from which unions are exempted either by statute or by ruling court decision. Donald Richberg, a noted authority in the field, also has written extensively on the subject.

Besides the "special privileges" thus granted unions there is also a great and growing number of "special restrictions" applied to them but not to others.

To my own naive and certainly unlegalistic view there is no difference between a union president who steals his members' money and a bank president who steals the money of his depositors. I find it difficult to distinguish the cracking of a man's skull with a baseball bat – which I have seen with my own eyes more than once – in a "labor dispute" from cracking a man's skull with a baseball bat in a dispute over a parking space.

If there ever was a reason – which I doubt – to compel a union officer to swear he was not a communist, there certainly was at least equal reason to compel a corporation officer to do the same. I can see no difference between forcing a man to join a union he doesn't want to join and forcing a man to join a lodge or a church or a political party he doesn't want to join. An illegal blacklisting or boycott imposed to destroy a competing or intractable business still looks to me just like an illegal blacklisting or boycott whether General Motors does it or United Auto Workers does it. The power of a monopoly great enough to bring to an instant standstill the whole economy of the entire nation – which the Teamsters Union, for instance, boasts that it has – is precisely as dangerous in its hands as it would be in the hands of United States Steel. Fraud is fraud and a racket is a racket in my books, no matter who conducts it.

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I am aware the Congress and the courts and the National Labor Relations Board and many a lesser functionary have not wholly shared that opinion. They have demonstrated their dissent, indeed, in the maze of statutes and decisions and rulings and practices that comprise our "labor laws" – in effect, one of the most amazing "double standards" of legality in existence anywhere on earth.

I doubt whether any of the special privileges these have granted ever actually have helped any union attain any legitimate union objective – and obviously the special restrictions they have included have not wholly prevented an occasional thief from looting the union till of which he had gained custody, or grievously abusing union members and others over whom he had won power. They may even have handicapped the sincere, honest, responsible union leader and made his efforts less effective.

* * * *

If I were in Congress myself – a most unlikely possibility – I believe I would now propose a bill that would read something like this:

"Any statute, ruling, opinion, or decision of any Court or agency that applies in any degree to any individual, association, partnership, corporation, and/or union shall under all like circumstances apply in exactly the same degree to all other individuals, associations, partnerships, corporations, and/or unions which shall all alike be subject to its provisions without exception, and any statute, ruling, or opinion, or the decision of any Court in conflict with this clause is hereby repealed."

Perhaps an expert at law-writing could state it more clearly, if not more succinctly.

The idea, though, is that no group of Americans, whether formed into unions or corporations or whatever else, should have any privileges or be under any restrictions by law which do not apply to all other groups doing the same thing.

Under this principle – now fundamentally denied by our "labor laws" – everybody would play by the same rules and with the same umpire. Any demand for "special privilege," by either unions or corporations, is essentially a confession of their own weakness. Surely American business and American labor are both strong enough to prosper without it.

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THE ADMINISTRATIVE AGENCY Colossus

How laws are made—and perverted—with neither congressional action nor judicial review.

GREY LESLIE

FOR THE PAST TWO decades and more, without fully realizing what was happening and with little scrutiny on the part of the general citizenry of the nation, the administrative agencies of our government have been allowed to so interpret their authority over us that it amounts to a virtual usurpation of the Constitutional functions of the Congress and the judicial functions of the courts.

The rules and regulations of the administrative branch of our government actually have the compelling effect of laws. But they are laws which have been made, not by the elected representatives of the people of the United States, but rather, by departments, boards, agencies, and commissions, whose principal officials were appointed by the President and the two major political parties. Thus, they are not responsible to *any* electorate.

It is true that some of the authority to promulgate rules and regulations was allegedly delegated to the agencies, but it is important to recognize that when such rules and regulations have the full effect of law, it becomes a delegation of a lawmaking authority.

This technique actually deprives the people of *direct* representation in their government since they had no voice in the election or appointment of the administrative lawmakers.

The laws passed by Congress since 1933, which are currently in force, are contained in eleven hefty volumes; but the laws by rules and regulations of the administrative agencies, which have the full effect of law, require more than fifty-nine equally hefty tomes, plus supplementaries published daily in the Federal Register.

Mr. Leslie is a free-lance reviewer and journalist from Washington, D. C.

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To get a graphic idea of our present Administrative Colossus, here is a catalogue:

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American Battle Monuments Commission
American National Red Cross
Atomic Energy Commission
Canal Zone Government
Civil Aeronautics Board
Civil Service Commission
Commission of Fine Arts
Commission on Civil Rights
Committee for Reciprocity Information
D. C. Armory Board
D. C. Redevelopment Land Agency
Export-Import Bank
Farm Credit Administration
Federal Civil Defense Administration
Federal Coal Mine Safety Board
Federal Communications Commission
Federal Deposit Insurance Corporation
Federal Home Loan Bank Board
Federal Mediation and Conciliation Service
Federal Power Commission
Federal Reserve System
Federal Trade Commission
Foreign Claims Settlement Commission
Foreign Trade Zones Board
General Services Administration
Government Patents Board
Housing and Home Finance Agency
Indian Claims Commission
Interdepartmental Committee on Science
Interstate Commerce Commission
National Academy of Sciences
National Advisory Committee for Aeronautics
National Capital Housing Authority
National Capital Planning Commission
National Capital Regional Planning Council
National Labor Relations Board

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National Mediation Board
National Science Foundation
National Selective Service Board
Panama Canal Company
President's Committee on Employment of Physically Handicapped
President's Committee on Scientists and Engineers
President's Council on Youth Fitness
Railroad Retirement Board
Renegotiation Board
St. Lawrence Seaway Corporation
Securities and Exchange Commission
Selective Service System
Small Business Administration
Subversive Activities Control Board
Tariff Commission
Tennessee Valley Authority
United States Information Agency
Veterans Administration

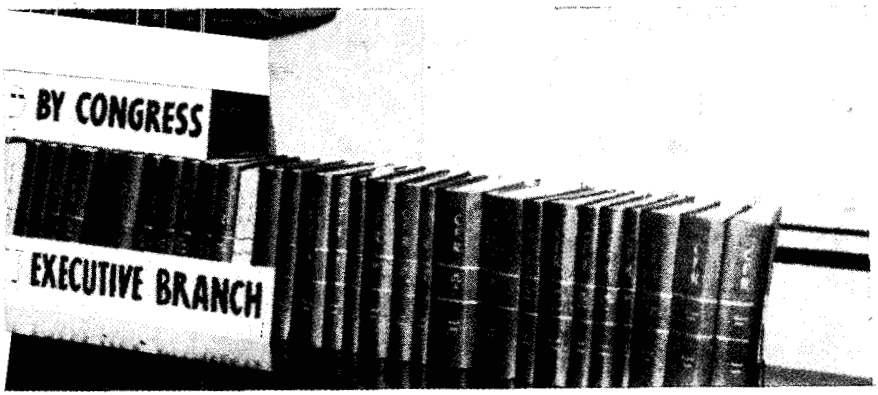
The independent agencies here listed have many subdivisions which are not enumerated.

Most, if not all, of these independent agencies have lawmaking powers by "rule and regulation."

To be sure, Congress has spasmodically moved to investigate such power. There is a vast literature on the activities and findings of several committees set up to examine them. A history of the origin and growth of the administrative agencies is contained in a "Report of the Attorney General's Committee on Administrative Procedures," (Senate Document #8, 77th Congress, 1st Session, 1941, pp. 7-21).

Anyone interested in a comprehensive exploration of the subject will find highly informative the two weighty volumes by Professor Walter Gellhorn, Professor of Law, Columbia University, entitled: *Administrative Law-Cases and Comments* (First Edition, 1940; Second Edition, 1947).

Recently a House Committee on



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Government Operations and a Special Subcommittee on Legislative Oversight were established to "examine the execution of the laws by the Administrative Agencies administrating laws within the jurisdiction of the Committee to see whether or not the law, as the Congress intended in its enactment, has been, and is being carried out, or whether it has been, and is being *repealed or revamped* by those who administer it." (emphasis added)

It is to be hoped that these committees, or others like them, will reveal and correct the vicious system of mushrooming this continuing usurpation of legislative and judicial processes by the agencies.

But unless the whole subject is explored on an absolutely nonpartisan basis, and precise standards are formulated for *all* of the independent agencies, without response to the innumerable "pressures" to be expected in such a venture, our "hope" may be buried, with the ceremony of a lengthy "report" which will find suitable interment in the archives.

Congress may need to be reminded that the Supreme Court has said: "Congress cannot delegate *any part* of its legislative power, except under the limitation of a prescribed standard." (U.S. vs. Chi., M., St. Paul and P.R.R. 282, U.S. 311)

Later, Justice Cardozo said that delegation of the legislative power by the Congress to any agency, without a clearly prescribed standard, is "delegation running riot."

Why Congress Should Legislate

We have been asked: "What is the precise case for legislation by Congress rather than by an executive agency?"

That is a highly involved question, and one that has perplexed professors and students of government for decades. Even skilled and experienced members of Congress are unable to suggest a "precise" formula. To answer it intelligently would require an exhaustive essay on the federal government structure.

The administrative process is not new, although the most spectacular example is the Interstate Commerce Commission established by statute in 1887. The operations of that one agency require numerous volumes to explain, justify, clarify, or criticize its functioning.

The Interstate Commerce Commission is typical of most of the administrative agencies established during some emergency; once established, they seem to entrench themselves in the government. There are exceptions, of course, such as NRA, CCC, WPB, and a few others. The Interstate Commerce Commission was set up

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to meet a crisis in the nation's railroad transportation system, an alleged chaotic condition in transportation rates. Its functions were and are being expanded to include control over all means of interstate transportation.

It is true that the Constitution in Article I, Section 1, says, "All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives."

But it was soon discovered that the lawmaking powers included the responsibility of oversight for enforcement. It became apparent that, with the multiplication of laws and controls, such a task of oversight must exceed the capacity of the Congress. The detail was far too massive and particular, and the round of work was more administrative than strictly legislative.

It was decided that the responsibility of "all legislative powers" included an authority to delegate the purely administrative functions to agencies, bureaus, or commissions which Congress could create for that purpose.

The expanding body of laws, affecting almost every segment of our economy, meant active and constant participation in the arena, rather than occasional and detached observance from the box seats of the legislature. Specialists in the vast divergence of the economy and the social system were then required to devote themselves exclusively to the supervision and fair application of the laws, to insure equity, to hold hearings, to examine complaints, to gather statistics, to suggest corrective measures to the legislature, and a multitude of related duties, the voluminous details of which could not be assumed by purely legislative bodies.

But it was the Legislature which was to retain the office of overlord, and the Judiciary which was charged with the judicial function of passing on the legality of any rules and regulations formulated by such agencies.

The delegation of authority by Congress to any agency for administration and supervision should not, however, include authorizing the agency to make rules and regulations having the compelling effect of law, unless they are specifically approved by both Legislative and Judicial branches.

How Agencies Operate

The growing lack of public confidence in the "justice" meted out by administrative agencies now makes it necessary to examine carefully and exhaustively the mechanics by which they operate.

The basic structure is relatively

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simple. First, there is the "skeleton" statute passed by the Congress, dealing with an assigned field in broad outline. It gives authority to an Administrator or a Commissioner to make "rules and regulations to effectuate the purposes of this act" or some similar language. The "rules and regulations" are then formulated by an interpretation of the law by the very people who administer it and who read into the statute exactly what they themselves wish. Then follow more "rules and regulations," even broader than their original interpretation.

Under the system as it is being practiced today, infractions of these rules and regulations are subject to punishment by what are called "administrative penalties" or sanctions, neither of which were enacted nor authorized by Congress but which are inflicted by administrative tribunals.

Citizens are summoned before these agencies, tried, and penalized by the application of an "administrative sanction," which is actually a form of executive punishment quite unknown and completely alien to our concept of democratic government.

If there are to be such regulatory bodies, then it is of the utmost importance constantly to remind the administrators and commissioners of them, together with their staffs, that they are the creatures of the Legislature and that they are not endowed with the plenary exercise of their own power. It is the Legislature and the Judiciary which must jealously retain and assert primary responsibility. The administrators and commissioners can act only as their agents, with clearly defined and strictly limited authority.

A Totalitarian Scheme

The claim is frequently made that parliamentary government is essentially inefficient – that a numerous, popularly elected legislature cannot possess the knowledge, skill, or experience necessary to legislate in detail on the technical and economic questions constantly arising in our modern civilization. The eloquent proponents of such claims maintain that efficiency in government is best served if the function of the legislature is delegated to some body of experts, each dealing with a specialty, and empowered to make rules, regulations, and orders which have the effect of law. They argue that efficiency and flexibility of government are destroyed if any such rules or regulations are to be subjected to full judicial review by courts which have power to enjoin them. They further assert, that the judicial process is too archaic to be compatible with

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flexible efficiency in government until the legality of their pronouncements has been judicially determined. They plaintively aver that any delay would destroy their timely usefulness.

That school of thought would make administration itself the be-all-and-end-all of democratically organized society, and would make mere administration a law unto itself.

Whether or not they recognize it, they are advocating a theory of "absolutism" in which the rule of law over the rule of men should be supplanted by an administration of people, things, and the processes of production, distribution, and transport. Such a theory has painful echoes of a totalitarianism that is currently plaguing the Western World. It has a further painful shock when we read in some of our own Administrative Orders that the acts of certain agencies are "final and not subject to review by any Courts." (Estap vs. U.S. 327 U.S.)

Out of Harmony

In the establishment of administrative agencies, where Congress has neglected specifically to provide for judicial review of "rules and regulations" promulgated by the agencies, the administrator becomes the sole and final judge of the validity of his own actions. The Supreme Court, in a majority opinion, said: "Such a sweeping contention for administrative finality is out of harmony with the general legislative pattern of administrative and judicial relationships." (U.S. vs. Interstate Commerce Commission, 337 U.S.)

It is certainly "out of harmony" in any democratic system, but the habit persists.

Unless there is a sharp awakening on the part of Congress, spurred by the interest of the citizenry generally, to a realization of the fact that the continuing expansion of the authority of our administrative agencies, tacitly vested in them, constitutes a progressive assault on genuine democratic government, and unless such authority is severely limited and clearly defined, we shall be confronted with a government by bureaucracy rather than one of law.

This trend toward bureaucratic predominance, so prevalent elsewhere in the world, can be successfully resisted here, if the electorate becomes sufficiently articulate in its resentment and insists that the Congress cease its easy and convenient habits of abdicating responsibility and delegating law-making power to some administrative agency of its own creation.

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EACH TO HIS OWN

FOLLY

ONCE UPON A TIME there was a brown bean that natives were able to crush or grind and brew into a fine stimulating beverage of dark brown color. It was a good drink, too, and soon the word about coffee spread to other lands. As demand increased and coffee came to whet the appetites of more and more people, producers of the brown bean responded with ever greater output. The economies of whole nations came to revolve around the coffee bean, and the drink, in turn, came to be a household word pretty well around the world. Consumers were captivated and markets seemed assured.

Then it came to pass that an idea took hold in those lands – an idea that prices should be pegged and guaranteed so that producers would be assured a "fair" return, and it was the State's job to do this, or else the votes would not be forthcoming. And after this idea was placed into practice, it further came to pass that world demand didn't always hold with what was thought to be fair returns, and great surpluses accumulated in government hands, causing consternation aplenty among the coffee-growing populace.

It also came to pass that other people in other lands found they, too, could grow the prized brown bean, and they did so with great gusto. For, lo, they could cash in mightily by underselling the price-proppers and run off with the coffee market.

Then the price-propped multitudes cried out in protest as their fair returns somehow turned out otherwise, and the free-spending gent with white beard and striped pants from the northlands was called to the rescue. "Save us!" cried the multitudes. "Save us! Save our beans and our markets and our fair returns, or else our house comes tumbling down and we will throw in with thine enemies."

Uncle Sam, no mean price-propper himself, looked, saw, and wept, for the multitudes had piled up some 20 million bags of delicious coffee, all under fair returns – enough to supply Uncle's entire family for a whole year and then some.

"Oh, folly!" cried Sam (who should know), and in bitter tears he admonished them, saying: "Do as I say, but not as I do, for folly reaps its own reward." • • •

An editorial from the Chicago Daily Drovers Journal, *July 10, 1958.*

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A conscientious congressman reports on . . .

AND DEBTS TAXES

JAMES B. UTT

WHILE there has been a considerable amount of constructive legislation passed, I would denominate the second session of the 85th Congress as being the most financially irresponsible Congress in history. This is partially due to the fact that this is an election year and the average congressman knows that he will gain votes by what he gives to his District rather than by what he saves for his District. Even though the gift is illusory and will be paid for by the taxpayer, the general public believes that it will somehow and by some means escape the judgment day.

There are always times when a family cannot have all of the luxuries it desires, or even all of the conveniences, and must survive on bare necessities. It is no different with the nation as a whole. Your government has just closed its books on the last fiscal year with a three-billion-dollar deficit. With the appropriations for the current fiscal year exceeding revenues by twelve billion dollars, your national debt will be fifteen billion dollars higher next June 30th than it was in January of this year. This additional debt will cost you $450,000,000 a year in interest from here to eternity.

This week [early August] we are asked to increase the debt limit by ten billion dollars. You will recall that in January of this year we were asked to give the Treasury a five-billion-dollar temporary increase, and I reported to you that the only thing temporary about it was that it would again be increased before the adjournment of this Congress. I voted against that increase and I shall vote against the present increase, as the only way you can stop this spending is not to give them the money.

Federal grants in aid to the states, cities, and counties, have increased from one to seven billion dollars annually in the past ten

The Honorable James B. Utt is U.S. Representative from the 28th District of California. This item is from his Washington Report, *August 7, 1958.*

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years. The so-called liberal members of the House and Senate who were elected and controlled by the CIO-ADA have introduced spending legislation this session which, if enacted into law, would cost you an additional fifty billion dollars a year. It is only with a coalition of Republicans and conservative Democrats that this legislation has been kept in committee, but there is a concerted drive by the left-wing organizations to replace every conservative member of both Houses with one of these so-called liberals, and to elect one of their own candidates for President in 1960.

Should this occur, such legislation as I have described would be enacted into law, and the result would be a sixty-billion dollar annual deficit which, if paid for "as-you-go," would necessitate an 80 per cent increase of every tax on the books. The corporation tax is now in excess of 50 per cent, and the man in the lowest tax bracket would find himself in the 40 per cent bracket. You already work four months out of the year to pay your current taxes . . . .

On the other hand, if we do not "pay-as-you-go" we would have the same inflation here as they now have in France, or in Chile where the exchange rate has gone from a few pesos to the dollar up to 1,100 pesos to the dollar. This would then destroy every retirement benefit, both public and private, every insurance policy, savings account, and every dollar which you have put into government bonds.

I have never been able to understand why legislation which is bound to lead to such a chaotic condition is considered to be "progressive and liberal," and why there is such a stigma attached to being "conservative."

I cannot understand why we do not learn a lesson from the history of other great civilizations of Babylonia, Greece, and Rome, and realize that the cycle of civilization begins with abject slavery or bondage and moves upward to a spiritual faith, from a spiritual faith to moral courage, from moral courage to freedom, from freedom to abundance, and begins to descend from abundance to selfishness, from selfishness to apathy, from apathy to dependency and from dependency back to the point of beginning, bondage.

You can calculate our own position in this cycle today, as we are in a period of selfishness and apathy which is rapidly phasing into dependence. The only thing that will stop us from returning to the point of beginning will be a renewal of spiritual faith and moral courage, that we may regain our freedom and abundance. • • •

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Grasshoppers AND Widows

A look at the other side of government "aid"

ROBERT LEFEVRE

RECENTLY a terrible scourge of grasshoppers swept into eastern Colorado and surrounding states, devouring the tender young shoots of corn and wheat and leaving devastation in their wake.

There is no question as to the seriousness of the plight of the unlucky farmers who suddenly found themselves in the path of this marauding horde. Something had to be done, and quickly.

A few of the more independent and stalwart of the planters took action. They purchased insecticide, built fire trenches, and otherwise met the infestation as men, battling to preserve what was theirs.

This was not true of the majority. Like so many helpless and dependent children, they set up a great wail for help from the government. County and city bureaucrats called on Colorado Governor Steve McNichols. McNichols called upon the President of the United States. The problem of the grasshoppers was supposed to become a matter of national concern from the rocky coast of Maine to the high and spume-swept cliffs of far-off California.

Over three million acres were declared a "disaster area." But some way, the federal government didn't seem to get steamed up over the plague beyond that point. Of course, state and county money was quickly allocated to fight the locusts.

We can only congratulate and thank the federal management for not taking up the plea of Colorado's governor. And in order to understand why we say this, permit us to shift the scene for a moment.

Here is a widow who lives, let us say, in North Carolina. She has three children she is trying to put through school. One of the chil-

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Mr. LeFevre is President of the Freedom School and also has responsibility for the editorial page of the Colorado Springs Gazette Telegraph in which this editorial was first published, June 19, 1958.

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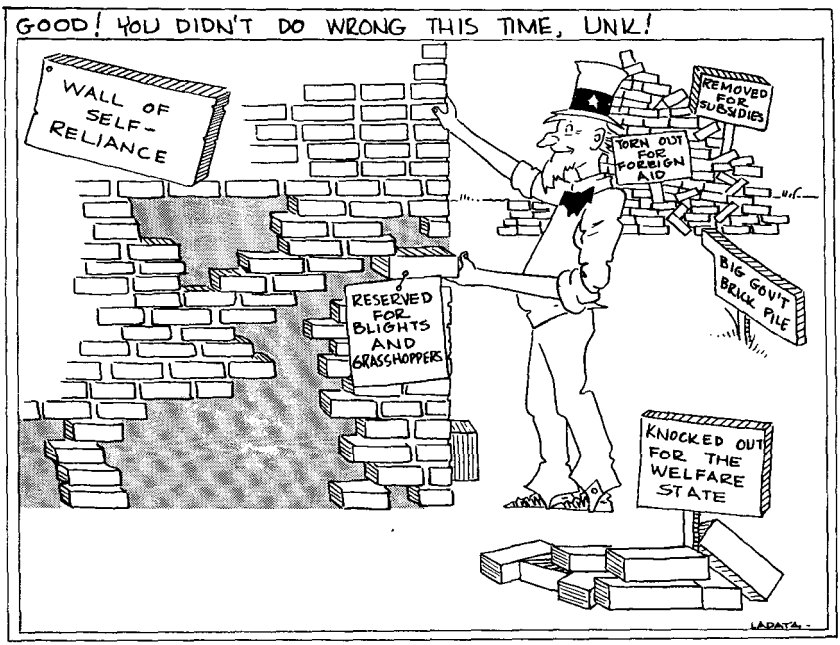
GOOD! YOU DIDN'T DO WRONG THIS TIME, UNK!
WALL OF SELF-RELIANCE
RESERVED FOR BLIGHTS AND GRASSHOPPERS
REMOVED FOR SUBSIDIES
TORN OUT FOR FOREIGN AID
BIG GOVT BRICK PILE
KNOCKED OUT FOR THE WELFARE STATE

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dren has just had a bout with measles and the doctor's bills are unpaid. She is a month behind in her rent. Her meager income, a small annuity left by her departed husband, is not enough to manage all her costs. Fortunately, she does own a few shares of stock, as so many independent Americans do. This stock does provide her with a few extra dollars of income twice a year.

However, to compound the widow's problems, yesterday her kitchen caught fire and by the time the government firemen finished the demolition job, she was facing a $1,000 repair job. Insurance will pay about $600 on it, and she must find the other $400 or do her cooking out of doors.

You ask, "What has the widow got to do with the grasshopper plague?" The answer is, of course, that morally she has nothing to do with it. But because the farmers ran to the bureaucrats and the bureaucrats ran to the governor and the governor ran to the President, this widow might have been compelled to help pay for that grasshopper infestation.

Taxes on the income from her few shares of stock might have gone up next year so that the farmers in Colorado could have some bug juice sluiced out upon their fields.

We, of course, are sorry for the farmers. But we are also sorry for the widow. And if we multiply this widow by thousands, we will see the true picture that faces all of us whenever government is called upon to render help in a disaster.

The trouble is that all of us face our own private disasters every day. Mostly, we are ready and willing to help others whose condition may be worse than ours. But the only person who can judge whether a grasshopper-plagued farmer is in sorrier straits than we are, is each one of us individually.

The government cannot possibly have this information nor can it act on it. The government, then, is not the proper agency to assist anyone. It can only render such assistance at the point of a gun leveled at everyone without distinction.

This illustration should enlighten us as to the absolute necessity for individual initiative, even in the face of disaster. The business of "togetherness" causes all of us to sink in the face of any disaster.

Would it not be better and far more moral for each of us to handle our own problems, asking for assistance on a voluntary basis if we need it, rather than to harness the guns of government so that regardless of the problems everyone else has, they too can be compelled to share in ours? • • •

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These, Our Gifts

LEONARD E. READ

THE TIME: December 1968—shortly after midnight.

John awakened with the uneasy feeling that an intruder was in his bedroom. Sure enough, before the window was the silhouette of a man moving quietly, stealthily toward the table on which lay a wallet and other valuables.

John was trembling, trying to think what to do, when he observed the intruder retracing his steps. (The burglar's tiny flashlight had failed to work, making the theft impossible.) He vanished as unobtrusively as he had entered.

Instantly, John became the man of action for which he was famed. He flicked the bedside switch that had been installed for just such an occasion. It would flood his lawn and gardens with a brilliant light. But the lights failed to come on.

He quickly picked up the telephone receiver and dialed "O." The short-wave communication system in police cars would enable officers of the law to be on his property in a matter of minutes. But the phone was dead.

With a growing sense of panic, John pulled the chain that hung from his reading lamp. Was the bulb burned out? There was no light.

He felt his way in the darkness through several rooms to the garage and his automobiles. John was in desperate need of light. Assuredly, he could get it here. But the battery was dead in his big car! And in his foreign sports car!

The confining darkness gave him the feeling of claustrophobia, but the same lifeless silence greeted him as he moved from the garage into the open night. No sounds of airplanes overhead nor of trains nor of auto traffic. Strangely, there was no reflection on the overcast from the lights of the world's largest city.

"My God! What has happened?" breathed John.

"Man-harnessed electricity is

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gone. Men now living on this earth are to experience it no more."

"Who said that? Where are you?"

"You can't find me, John, and don't try. Just see if you can comprehend what I say. *There is no more electricity available to man!*"

"Do you mean that there is to be no more electric light and power? No more live storage batteries? No more electric sparks of any kind for our use?"

"That's precisely what I mean. Does this make you feel helpless?"

"Helpless? Why, this is unbelievably awful. Every automobile and truck, all airplanes, radios, televisions, telephones, and telegraphs are so much junk. And my factory! For all practical purposes all factories are useless. And our farms? Most of them are mechanized and we no longer have a workhorse population. Why, most of the ships at sea are at the mercy of the elements. They have no power and no sails. Millions of people in all civilized countries may die of starvation. Why has this horrible calamity been visited upon us? Why are we to be impoverished? Is it because we have become too wealthy?"

"Of course not, John. Wealth is meant to be an agency freeing man from the servitude poverty imposes. Properly understood and used it has a highly moral function."

"Why, then, is this happening to the civilized peoples? Only the most primitive societies will be unaffected!"

"You use the term 'civilized' rather loosely."

"Well, hasn't our civilization mastered Nature and turned her to our use?"

"Mastered? And to *what* use? Those questions are consistent with that speech you made last evening at the Economic Club's Annual Banquet. Shall I quote you a few lines? Listen to yourself:

" 'We are well on our way to the mastery of Nature. There is no longer anything within our desires that is beyond our power to achieve, such is the high state of our industrial and scientific know-how. We have learned how to produce so much and labor so little that the utilization of our leisure is becoming our major problem. Security we have solved by governmental action. And peace? Our military might is such that we can maintain peace by the force of our own arms. We can now direct missiles with hydrogen war heads to any place on the face of the earth. Indeed, our problems on this planet are so nearly in our control that the exploration of interstellar space is logically our next frontier.' "

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"Very well. But, pray tell me, what is wrong with what I said? I merely stated some self-evident facts."

"Facts? Obviously, you are unaware of the *first fact*. You don't even realize that you are not the Creator. You prate about the mastery of Nature. Suppose you tell me what this electricity is, this force on which you have become so dependent and on which you have built your so-called civilization."

"Well, I don't know what it is. I just know it's there."

"There? Where is *there?*"

"Frankly, I can't answer that."

"John, if you understood your situation, you would be aware of the great Unknown which envelops you, and you would realize that what you do not know is obviously not of your own creation. You would know that what is not your own creation is a gift. You would next know that a gift can as readily be retrieved as given. Life, for instance, is such a gift. And life may be taken. You are as powerless to stop the taking of your life as you are to create the gift of your life."

"I grant your point about life. Electricity, however, is different. Maybe we don't know what it is but at least we mastered the harnessing of it."

"Your egotism is blinding you to some elementary aspects of reality. Let's drop that 'we' you so carelessly toss around and get to the case in point: *you*. Could *you* make a dynamo? The question answers itself. Indeed, there is no one person in the whole human race who can make one! You talk about intercontinental missiles and modern war with the nonchalance of a Master. Yet you couldn't even make the wadding used in a Civil War musket."

"You go too far in describing my incompetence. Any child could make a paper wad."

"Could you create a spruce seed? Grow a tree? Mine the ores, refine and alloy them for the metal, and then fashion it into a machine that makes pulp? And even if you had the pulp, could you make the paper?"

"OK, I guess I couldn't, nor do I know of anyone who could."

"That's better. But there is still more you need to know about how little you know. You have already conceded that millions of you 'civilized' people will perish now that you are to have no more man-harnessed electricity. You are right enough in your surmise. Most important, however, is that you realize how insufficient and dependent this leaves you. Man-harnessed electricity, as you choose to think of it, has been bestowed on mankind for not more than 130 years and, significantly, for less

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than 60 years. Do you not realize that all of the billions of people who have lived on earth prior to your great-grandfather's time managed to live without it? Indeed, history suggests that there were some individuals superior to you, who existed before 1830 A.D. Ever think of that? I fear not, for you confess that you don't know how to live without this gift. You concede, then, that your ancestors were superior to you, and you are right in this unwitting acknowledgment. But it is important that you *know* you are right in it."

"Why all of this stress on awe or humility, on knowing that we do not know?"

"It's not so complicated. The person unaware that the wonders all about him are not of man's design can hardly avoid an exaggerated sense of self-importance. Such a person has no built-in equipment to keep him from interfering with the creative affairs of others. Indeed, he has no natural way of concluding that intervention is wrong. He has only his reason and in most persons that is pretty weak. Last evening, in that speech of yours, you spoke proudly, not apologetically, of government social security and of your kind of peace by force – both being instances of interventionism. And these ventures into interstellar space – are they to be financed with funds voluntarily contributed? Not according to your notions! You see nothing wrong in taking by force the fruits of the labor of others even though they may prefer to remain earthlings. Your private ends are the only ends that appeal to you as valid."

"You speak of intervention as if it were evil. I have thought of it only as a way of being practical."

"John, until you appreciate that there is a Creativity over and beyond self, you will continue to think this way. And, I repeat, you can hardly help it. If you recognized a Superior Intelligence, you would think of yourself as one of its manifestations. And, to be just and logical, you would regard other humans also as manifestations of the Creator. *For you, then, to thwart others in their creative actions, for you to seek your own ends at the expense of others, is to thwart Creation.* There is no greater sin than this."

"I won't argue theology with you, but I would like to ask a practical question: How does this intervention interfere with electricity or with goods or things?"

"Contemplate a rock and a leaf. How different they are! Yet, both are molecular configurations. One configuration manifests itself as quartz, another as a maple leaf. Molecular configurations are in-

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finite in their possible manifestations.

"Human beings with their variable energies, aptitudes, skills, perceptions, talents can, in a sense, be likened to molecules. If these individual energies are configurated in one manner a symphony will result, in another manner a typewriter. This suggests why there can be both symphonies and typewriters without a single human on earth being able to bring either one to final production.

"Freedom of movement is a necessity if this process is to work. These creative energies cannot move into cooperation except in freedom. Imagine all of the inspiration, talent, learning, extending into the distant past – all of the energies that have gone or go into the symphony you hear and enjoy. Now assume effective intervention all along the line: the livelihood taken from every person who took part in the creation, or the participants kept in isolation, or the printers of music and the makers of instruments on perpetual strike, or the exchange of creative energies prohibited by law, or the parties spending all of their time on war or preparation for it. There would be no symphony. Without freedom, such remarkable configurations of creative human energies would not and could not form.

"Now, unless you are aware of the fact that a typewriter or a symphony or a book, or even the personal service of a physician, is the product of human energy configurations – variable energies in cooperation – you will, more than likely, never understand how intervention can destroy man-harnessed electricity or other goods or things. Further, you are apt to conclude that you are or might be the exclusive author of these miraculous achievements. To think this about yourself can be likened to the fly on the chariot wheel who exclaimed, 'Look at all of the dust I am making!' "

"I get an inkling of your thought, but it still isn't clear."

"Very well, John. Let me put this in terms of your daily experiences. Any good or thing fashioned by man has resulted from exchanges of creative human energies. These are so complex as to defy accurate tracing. The telephone, for instance, has been mostly taken for granted. Yet, no living man was ever able to create that system or even make the instrument on your desk which you used for oral communication. It has become available to mankind without any individual knowing how to make it. How is this complex phenomenon to be explained by men who do not even understand a molecule? It cannot be ex-

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plained but only an awareness might be gained of the miracle that flows from creative energy exchanges. When you picked up your receiver, there instantly flowed to your service the creative energies *that manifested themselves* through Alexander Graham Bell and through unnumbered millions of scientists, engineers, metallurgists, linemen, operators, and hosts of others – complex energy exchanges that flowed through space and time permitting you to converse almost anywhere in a matter of moments. Any effective intervention – freedom of flow denied – at any point in these creative energy exchanges must end the miracles they otherwise bring to pass. Effective intervention into the creative processes leaves each individual to his helpless self, more helpless than you now feel with only electricity denied your use."

"It appears to be too late now, but why are we to be deprived of the use of electricity? You say it isn't our wealth. What have we done to deserve this? I'm curious, that's all."

"This gift has been removed in order to save the human race. Within a few months from now you would have destroyed every living thing on the face of the earth. You and most of your contemporaries were neither intellectually nor spiritually ready for any power such as this. *The purpose of electrical energy is creative, not destructive.* When this fact isn't self-evident, gifts of this magnitude are premature.

The days of atom bombs and airplanes and even big guns are over for you. You won't even make swords for a long time. Survival will occupy all your thoughts. Creative energies, manifest in each...."

John's tormenting nightmare was interrupted:

WAKE UP AND A CHEERY GOOD MORNING, EVERYONE. THIS IS YOUR WHOA ANNOUNCER BRINGING YOU THE SIX A.M. NEWS. HERCULES XVII THE LAUNCHING OF WHICH WE TOLD YOU ABOUT YESTERDAY HAS SUCCESSFULLY PLACED THE FIRST EARTHMAN ON THE MOON. THE NUMBER OF OUR NEW SUPERTHERMAL BOMBERS NOW IN THE AIR WITH NUCLEAR WEAPONS READY TO STRIKE AT THE FIRST OVERT ACT ON THE PART OF RUSSIA HAS REACHED THE THRILLING TOTAL OF NINETY. THIS LEAVES RUSSIA BEHIND IN THE COLD WAR RACE WITH ONLY EIGHTY-EIGHT IN THE AIR READY TO STRIKE AT US. THE BOARD OF TRADE REVEALS THAT THE NATIONAL DEBT HAS REACHED ONE TRILLION DOLLARS. WASHINGTON ANNOUNCES THAT EVERY ASPECT OF AMERICAN LIFE

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IS NOW UNDER STRICT WAGE HOUR PRICE AND PRODUCTION CONTROL AND ADDS THAT DEFENSE PRODUCTION IS AT AN ALL TIME HIGH. THE UNITED NATIONS CALLS A SPECIAL MEETING OF THE SECURITY COUNCIL TO INSURE PEACE. THE HOUSE APPROPRIATES TEN MORE BILLIONS FOR UNIVERSAL EDUCATION. I'LL BRING YOU THE DETAILS IN JUST ONE MINUTE, AFTER AN ENCOURAGING WORD FROM OUR NEW SPONSOR, THE FEDERAL OFFICE OF CONSUMER SECURITY.

The radio *was* working. The reading lamp glowed with light as John switched it on. What a relief! Though his dream experience left him limp, he had the feeling that he was really seeing the world for the first time.

Breakfast had a different meaning for him that morning. Instead of just orange juice, toast, and coffee to be hurriedly gulped, he felt as if he were partaking of the miracle of creation. Not one item had he produced himself. Why, millions of people were waiting on him at that very moment, hardly any one of whom was conscious of his existence. An Unseen Hand was indeed at work, as Adam Smith had once put it, but there also seemed to be an Unseen Head and an Unseen Heart.

John let his thoughts drift to the pickers of the coffee berry in far off countries, to horticulturists, to tillers of the soil, to builders of rails and engines and dynamos and cables, to the teachers of arts and morals, and he felt humble and small in the midst of an Infinite Bigness – an Author – he had not sensed before.

Why had it taken this nightmare to awaken him to the reality of life? Now he was faced with a new nightmare – the holocaust about to inflame the earth. The reasons? They were plain to him now. This frightful destruction between nations was simply the intervention within nations and between persons extended and magnified into fantastic proportions. The huge political units were about to do to each other what the citizens of each unit, through political force, had been doing to themselves. The brutal show about to be staged was merely larger scale, as were the weapons. Electricity lost to mankind? Good Heavens! Mankind lost to itself!

John wondered what he could do now beyond correcting his own behavior. He would begin by resolving never again to stand for any proposal that would subtract from the creative efforts of a single person. He would attempt to pull his own weight, or a little more, and not try to shove his load off onto someone else. Whatever his view

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of the need or the popularity of current political projects – be they TVA, or subsidies to farmers or states or cities, or protection for industries or labor unions, or space ships or whatever – he would not be moved from his new concept of right principle. He would have no part in forcing people to support these things, regardless of their alleged good. On this he was firm.

Driving to the factory, he was struck with the thought that his new course, although it would not reform the world tomorrow, would reduce the source of intervention by one person, and that this was the first obligation of each to all. He saw clearly that here was the way to avoid inflicting on others the burdens he would not want thrust on himself. He perceived that this was the formula for keeping off the backs of others, for keeping out of the way of creative energies as they are manifested through human beings. Creation is as a magnet. Let man not inhibit this Cosmic Force and mankind will naturally respond, emerge!

Nonetheless, John couldn't help speculating on the influential attraction his new resolution might have exerted had he adopted it earlier in his career – say as far back as 1958. • • •

IDEAS ON LIBERTY

Awareness of the Unknown

"THAT ALL MANKIND have hitherto been most tenacious when most in the wrong, and reckoned themselves most enlightened when most in the dark" . . . is, indeed, a very mortifying fact; but attention to it is necessary to cure that miserable pride and dogmaticalness which are some of the worst enemies to improvement. Who is there that does not remember the time when he was entirely satisfied about points above his comprehension? Who, for instance, does not remember a time when he would have wondered at the question, "Why does water run down *hill?*" What ignorant man is there who is not persuaded that he understands this perfectly? But every *improved* man knows it to be a question he cannot answer; and what distinguishes him in this instance from the less improved part of mankind is his knowing this. The like is true in numberless other instances. One of the best proofs of wisdom is a sense of our want of wisdom; and he who knows most possesses most of this sense.

In thinking of myself I derive some encouragement from this reflection. I now see that I do not understand many points which once appeared to me very clear. The more I have inquired, the more sensible I have been growing of my own darkness. . . .

RICHARD PRICE, *Observations on the Importance of the American Revolution and the Means of Making It a Benefit to the World*, 1785

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Some provocative questions concerning . . .

FREEDOM
AND THE PURPOSE OF LIFE

OSCAR W. COOLEY

"THE DECISIVE element in the predicament of Western man in our period is his loss of the dimension of depth," wrote Paul Tillich in the *Saturday Evening Post* of June 14. This means, said Tillich, "that man has lost an answer to the questions: What is the meaning of life? Where do we come from; where do we go to? What shall we do; what should we become in the short stretch between birth and death?"

Not only has modern man no answers to these questions but, said the Harvard divine, he does not even ask them! He is too busy trying to control nature. His life is in the horizontal dimension. Size and number, not depth, preoccupy him.

This can be seen in the routine of people's lives. We all live by schedule, and it is a schedule of activity; there is no place in it for thought. Like water striders on the surface of a pool, we skitter about in the horizontal plane. Lacking a philosophy of life, we just exist from day to day. Life to us is a mere spending of time, and our ambition is to spend it comfortably.

Now when people lack a theory of life – of why they are here, what they should strive to do, and what they should try to become – when the present is all, the future nothing, they have no reason to prize freedom, for freedom is simply an atmosphere in which it is possible for an individual to make his future better than his past. If he does not envision or believe in a better future – if he is not conscious of having a destination, freedom is of little importance to him.

It is a matter of public knowledge, says Tillich, that "everyone in our social structure is managed." Even those who think they are managers know that they in turn are managed, he says. We live

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under a sort of regimentation by consent.

It is reported that American GI's, taken prisoner in Korea, knew so little about the philosophy of life in a free country that they could not explain to their captors what the American dream is or how it differs from communism.

What Are We Here For?

Well, what *are* we here for? This basic question – which Tillich calls the religious question – is seldom discussed. It is almost never raised in our schools. Only the unusual lad springs it on his philosophy professor, and is fortunate if he gets a satisfying answer.

Perhaps a final answer is not to be expected. The greatness of certain questions lies in the fact that they cannot be answered. Let us consider an exploratory answer and see what consequence it might have.

The athlete seeks development of physique. He strives to build his muscles and to improve his coordination. His thought is always on the future. He wants to play a better game, to improve both his individual skill and his team-play, which he finds inseparable. Thus his life has an absorbing object, and it is a matter of observation that youths put forth enormous effort in pursuit of this object.

Now let this object be broadened from the merely physical to the intellectual and spiritual spheres. Let the youth take upon himself, making it his central aim of life, to improve himself in *all* respects – physical, intellectual, moral, and spiritual – to the utmost of his capacity. Let him become a truly all-round "athlete," and for life.

In short, let the answer to the religious question be simply this: We are here to grow, to develop, to live more worthily day by day, according to our best lights and insofar as our knowledge and ability make this possible.

"Thy Will Be Done"

Assuming that there is behind the universe a Creator with a plan, could it be the Creator's intent that men deteriorate and that human character retrogress? If so, the plan has gone awry. Not only the biological evolution of man but reason itself refutes the suggestion, for what object could even the inscrutable mind of the Creator have in making a being only to have him unmake himself?

On the other hand, could it be the Creator's intent that man remain changeless, neither progressing nor retrogressing? Study of the world of nature reveals change going on everywhere and unceasingly, and at least some, perhaps all, of this change is from the lower to the higher. In a universe

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characterized by progress, would the Creator have made man, his only thinking creature, static? Again, both observation and reason answer no.

This leaves but one alternative, namely, that the Creator intends that man shall change for the better. And since the Creator has made man, as well as all else that composes the universe, and hence is vastly more powerful than man and can unmake him at will, it follows that man does well to follow this intent of the Creator and to make it an aim of his life to become a better man.

This conclusion is reinforced by the fact that man is capable of development; he has demonstrated this. Men have become vastly better men. Others have become worse. Either result is possible. The fact that a man may either develop or deteriorate impresses upon us the need of constantly pushing forward if only to keep from going backward.

Why Freedom Is Needed

If this answer is accepted, the desirability, not to say the necessity, of individual freedom becomes manifest, for a man cannot improve himself to the utmost unless he has the freedom to do so. Within the bounds of respect for the private property of others, he must have the freedom to move to any point on the earth's surface, or indeed to other worlds, in order that he may make use of the most productive resources as well as the richest cultural opportunities. He must be free to offer his own services or any of his own property in exchange for the goods or services of others with whom mutually acceptable prices can be negotiated. He must be free to search the universe for truth and to speak and publish as he sees fit. He must be free to worship his own God, or not to worship at all if that be his desire. He must be free to collaborate with his fellows in doing any or all of these things, or in doing anything at all which does not directly interfere with the exercise of the same freedoms by any other human being. Then and only then will he be able to pursue his accepted aim of life.

Indeed, is not freedom necessary to pursue any worthy aim of life? Regimented, a person can do little except obey. And is obedience — except to God — a worthy aim of life?

Libertarians complain that modern men are blind to the precious nature of freedom. Perhaps their eyes would be opened if each could be led to ask and answer for himself the great question of life: "What am I here for?" • • •

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THE ADULT EDUCATION Boondoggle

RUSSELL KIRK

A MOST VALUABLE WORD has enriched the English language this past quarter of a century: boondoggle. My next several pages in this journal of opinion constitute the Boondoggle Series. My first educational boondoggle is Adult Education.

Not that I am against the education of adults. We do so wretched a job of educating children that we ought to look with sympathy upon every attempt to rescue persons of mature years from the slough of ignorance. The best form of adult education is book-reading, in solitude. Attendance at serious lectures and discussion groups has its merits, too. But the boondoggle I have in mind is neither of these.

I am taking my cudgel to the "adult educational activities" paid for from public funds and masquerading as a just charge upon state and local treasuries. This fraud – I shall describe its nature in a moment – is not peculiar to America. In Britain, after World War II, the Attlee Parliament passed an act requiring local authorities to furnish teachers to any group of adults who might desire to be taught anything; and I mean *anything*. In Fifeshire, which I know well, the villagers ordinarily chose basket weaving, ballroom dancing, and ceramics. The waste of funds was severe; the waste of decent teachers' time was worse, what with the acute shortage of teachers then caused by the raising of the Scottish school-leaving age; and the attitude of the adults was worst of all. More than one conscript teacher complained to me that the little knot of villagers didn't desire even to learn basket weaving or ballroom dancing, really; what they wanted was a public servant to bully: "We're the masters now."

But we Americans do our full share of this nominal educating. I have before me a bulletin entitled *Adult Education, North Shore Schools*. The North Shore is the north shore of Long Island, still –

Dr. Kirk, of The Conservative Mind, *writes regularly for* National Review *(211 East 37th St., New York 16) in which this article was first published, June 28, 1958.*

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though not so appropriately as once – called the Gold Coast. All the courses listed in this bulletin are paid for from public school funds, and almost none of them requires any fees from students enrolled. Classes are held in North Shore High School, Glen Head. Some thirty courses are available. The most popular of these, I am told, is SECURITIES AND INVESTMENTS – for which, as a serious study, there is something to be said. But three private colleges in the vicinity offer just such a course. If adults cannot afford to pay the course-fee at a private college, what funds do they have available for securities and investments?

Charm at Taxpayers' Expense

Lest prospective adult students be discouraged by so grim a course title as SECURITIES AND INVESTMENTS, let me hasten to add that most of the courses require no intellectual endeavor. You can take SLIMNASTICS or SLIP COVERS or ARTS AND CRAFTS FOR A LEISURE-TIME HOBBY or CHAIR CANING or COLOR PHOTOGRAPHY or SEW AND SAVE or HAND-HOOKED RUGS or SENIOR CITIZENS or CREATIVE WRITING or CERAMICS or PIANO PLAYING or PHYSICAL FITNESS FOR MEN or EXPRESS YOURSELF or CHARM COURSE or RUSSIAN WITHOUT TEARS or SOCIAL DANCING. (Honest Injun, these are the names of the courses.) I am sorry to have to report that a few subject-matter courses have crept in: RUSSIAN HISTORY AND CULTURE, MARINE NAVIGATION AND NAUTICAL ASTRONOMY, AMERICAN LITERATURE.

Every delightful course has a delightful prospectus. Here is the CHARM COURSE: "Taught by former Barbizon instructor. Make-Up, Skin Care, Diet, Nail Care, Hair Care and Styling, Clothes Coordination, Posture, Figure Analysis, Grace and Poise, Diction, Spot Reducing. Materials charge: 50 cents per lesson."

Or DRIVER EDUCATION AND TRAINING: "This course consists of behind-the-wheel instruction in a dual-controlled car, plus six classroom sessions covering driving responsibilities and safety practices." All for adults.

Possibly you are fascinated by the course in SENIOR CITIZENS: "('Golden Ring'). Primarily for persons sixty years of age and older. Spend leisure time doing things, meeting friendly people. Activities include music, dancing, travel talks, lectures, arts and crafts, parties, reading, talking, and just plain having a wonderful time." No fee, naturally. What we need is to educate the Total Adult.

This charitable expenditure of public funds is in aid of the underprivileged denizens of the Gold

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Coast, Long Island. The Board of Education seems to have money to burn for this sort of thing. It is very difficult to find any money for helping the famous Gifted Child, of course. If only the Gifted Child would content himself with SLIMNASTICS!

Every man to his own humor, say Ben Jonson and your servant. For people who like CHARM COURSE, CHARM COURSE is the sort of thing they like. I have no impulse to set them, in the fullness of their years, to reading Virgil and Newman. But if I were a principal in charge of such an adult education program, at least I would try to lead some of the middle-aged students toward the works of the mind. Not everyone is necessarily senile at forty, though this seems to be the assumption of the authorities at North Shore High School.

And why should you and I (yes, I *do* pay some New York State income tax) be expected to subsidize these amusements for those that fancy them? You and I might choose to spend our share of the adult education bill in buying a book or two or in going to a decent play. We'd be undemocratic, of course, and antisocial, and lacking in integration with the group. Probably we ought to be compulsorily enrolled in SENIOR CITIZENS, or EXPRESS YOURSELF. Still, though, in this imperfect, unplanned American economy, it *is* our money. This sort of thing gets under my skin. H——l, I can't Express Myself adequately in words. I'm just an Unreconstructed Adult. • • •

IDEAS ON LIBERTY

A Democratic Madness

IN OUR MAD QUEST for Democracy, I believe we have conditioned ourselves to overlook the fact that the sacrifice of even one innocent to achieve salvation for others is still murder. Looking at it from this light, the so-called democratic process of subsidizing voters by confiscating the honestly acquired property of others is perhaps the most basically immoral act now current. When you deprive a man of his livelihood you are in effect depriving him of his life.

ADMIRAL BEN MOREELL

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MENTAL PREP *vs.* PRAGMATIC TECH

OUR CRISIS in education is not quantitative. There is neither a crippling paucity of school buildings, nor a deficiency in the numerical supply of teachers. The figures offered in this space in the last issue of THE FREEMAN, taken from Mr. Roger Freeman's authoritative study, *School Needs in the Decade Ahead,* are quite conclusive on this point.

Nevertheless, there is a crisis in education. John Keats, an unbluffable journalist who has a never-failing zest for disturbing the beehives and anthills into which more and more human beings have been pushed by contemporary tribal totems, has neatly ticked off the true nature of that crisis in his *Schools Without Scholars* (Houghton Mifflin, $3.00, 202 pp.)

The "Project Method" of Instruction

Mr. Keats's method of describing the crisis is highly picturesque. Disdaining a statistical approach, he resolves the current educational struggle into its polar opposites. On the one hand there is Miss Alpha, the third grade teacher who believes in all the rigmarole of the "child-centered" school. Miss Alpha uses the "project" method of instruction. Instead of holding separate classes in such clearly defined categories as reading, penmanship, arithmetic, the language arts, and music, Miss Alpha puts the young fry to studying, let us say, food. To further the project, the children vote to split up into little committees, each charged with investigating a different aspect of food.

In the part of the day in which the children in a traditional school would be studying arithmetic, Miss Alpha's pupils play grocery store. One of the students is elected cashier. The rest of the students take turns going through the counter line, adding one real apple to two real apples, and checking up on the cashier's multiplication to see that nobody is overcharged. The spelling list for the day, though it is never assigned as a list, consists of such words as "food," "eat," "grow," "apple," "pear," and so on. Part of the time spent on the food project is devoted to a trip to a

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nearby supermarket; another trip takes the class to a dairy. Some of the children paint murals (in finger paint) depicting pastoral scenes connected with food production; others (on the publication committee) mimeograph the various committee reports. It's all presented by Miss Alpha as part of the process of learning to live together, to help each other, and to effect a happy "life adjustment." Such reading, writing, and arithmetic as is learned in the course of "adjusting" is purely incidental.

> • WE are trying to build a public school system in this country on the theory that each American child will have a full, free, and equal chance to become what he is capable of becoming, according to his need and ability. This is a noble thought, embracing concepts of equality and individuality in the same sentence, and the miracle of our public schools is not that there might be something wrong with some of them, but that any of them are approaching this ideal in any way at all.
>
> JOHN KEATS, *Schools Without Scholars*

Emphasis on Fundamentals

At the other extreme stands Miss Omega, who believes in Drill with a capital D. Miss Alpha would call it "repetitive experience." Miss Omega does not ask her pupils to play grocery store; she makes them repeat numbers, words, rules of syntax, and the important dates which are appropriate to anchoring the trend lines of history. Where Miss Alpha's idea of proper English instruction is reading inanities about John and Jane (the "look-see" books), or the operation of a mimeograph machine, or the wording of an invitation to a party, Miss Omega makes her pupils read stories which have a beginning, a middle, and an end. Then she asks the boys and girls to write essays on what Charles Dickens, for example, was trying to prove in his *Christmas Carol*, and why he chose his particular way of proving it.

Going on from grade school, Mr. Keats follows the pupils of Miss Alpha into Pragmatic Tech and those of Miss Omega into Mental Prep. Pragmatic Tech abounds in such courses as driver training, home arts, "consumer" mathematics, manicuring, the technique of making long-distance telephone calls, and problems in American democracy. Mental Prep sticks to Latin, French, Algebra, and the United States Constitution. In Pragmatic Tech they regard reading as a "skill" necessary to puzzling out directions in a cookbook or a driver's manual. In Mental

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Prep reading is encouraged because it brings the student into contact with the cultural heritage of the race. In Pragmatic Tech they are lucky if seniors can handle the daily newspaper. Problems of "democracy" are resolved in terms of "adjustment" and "cooperation." In Mental Prep they read Thoreau's *On the Duty of Civil Disobedience,* Mill's *On Liberty* and the Sermon on the Mount. "Problems of democracy," in this school, revolve around such questions as "How much authority should the State have?" and "What is the source of that authority?"

With engaging candor Mr. Keats admits that his Miss Alpha and his Miss Omega are both wild caricatures. Most teachers are a composite of the two. As for Pragmatic Tech and Mental Prep, there are no such schools in America. But, says Mr. Keats with appalling finality, there is far more of Miss Alpha than of Miss Omega in most of our public school teachers. We are approaching Miss Alpha as a limit. Moreover, the high schools are predominantly moving in the direction of becoming a nationwide collection of Pragmatic Techs. If present trends persist, it won't be long before our Miss Omega and Mental Prep genes will become completely recessive.

Mr. Keats suggests that the communities of the land can arrest the drift to "life adjustment" if they will only become aroused. He wants parents everywhere to become Paul Reveres. He points to New Canaan, Connecticut, as an example of what can be done to save the cause of meaningful education. In New Canaan the citizens, an alert upper middle-class group which is strongly college-oriented, discovered their children were not growing up to become good "college material." Suspecting the true cause, they formed a committee to investigate the local school system. When they learned that "life adjustment" was riding high, and that multiple-choice and true-false tests had replaced the individual essay in examinations, and that King Arthur and his Knights of the Round Table had been abolished in favor of a book called *Fun in the Supermarket,* the New Canaan people decided to clean house. Out went "life adjustment"; in came a far tougher curriculum presided over by a new principal for Saxe Junior High, a forty-year-old Harvard graduate who had somehow escaped the Teachers College blight.

Schools Reflect Collectivistic Trend

Mr. Keats's book is as able a piece of pamphleteering as one could wish. His cure, however, though it may do some good in a

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community of more than average intelligence, is hardly likely to make much of a dent over wide areas. For the truth is that our schools are a reflex of what is fast becoming our basic political philosophy. We get Miss Alphas and Pragmatic Techs not because of a Teachers College plot, but because we have ceased to be a nation of individualists. How can a nation which worships the collectivity fire school teachers who agree with it?

Miss Alpha believes that the important thing is Society, which she regards as an organism. Naturally, in an organism, the heart must cooperate with the lungs, and the stomach with both. To gain such cooperation, there can only be one directing head. The way to get cooperation in an organism is by "conditioning" the various contributory organs into doing their assigned jobs without protest. Otherwise, the directing head will have to use active compulsion.

Believing that Society is an organism, Miss Alpha must think of individualism in terms of cancer. Naturally she is going to frown on the type of teaching that tends to accentuate – and to train – the individual saliences in human character. The important thing to note is that she gets her idea from the society around her even more than from her Teachers College past.

New Canaan, Connecticut, could pull the teeth of its Miss Alphas because the inhabitants of that fortunate town have not yet succumbed to the view that Society is an organism. They know, although not always with perfect clarity, that Society exists for the individual, who gives others the benefit of the most effective division of labor when he pursues his own bent.

Well, how many New Canaans are there in our country today? Is the farming community which thinks it the duty of the directing head of the social organism to assign each farmer in the area a specific wheat allotment likely to object to a teacher like Miss Alpha? Is the housewife who has been conditioned to paying without protest a social security levy for her part-time maid apt to be a moving spirit in a campaign to replace the local Pragmatic Tech with a Mental Prep? Is a worker who unprotestingly accepts the union shop and the compulsory check-off in any valid position to quarrel with a Teachers College product who considers it the "democratic" duty of the individual scholar to adjust to the "norm"?

The "Life Adjustment" Blight

No, the truth is that all America is currently in danger of being conditioned to making a god of

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"life adjustment." The old-time individualist who believed in going his own gait is isolated – and, in his isolation, he is pushed into seeming a crackpot. Even whole communities of uncompromising individualists (there are some) have had a hard time of it, as witness the town of Pasadena, California, when it tried to make over its school system to give Miss Omega a chance to teach. To this day, Pasadena is looked upon as "fascist" by a great majority who remember the stories of its troubles with a school superintendent who refused to give Miss Omega a job. Just how New Canaan, Connecticut, missed being crucified for its temerity in preferring Miss Omega to Miss Alpha is still a major mystery.

Looking for a recipe which would enable people to save themselves from having their children fall completely under the sway of Miss Alpha, Mr. Keats misses one obviously good bet. He might have advocated more private schools, both parochial and nondenominational. Though taxes are high, the private school is still within the reach of thousands of Americans who expose their children to Miss Alpha and Pragmatic Tech. And one more thing: Mr. Keats might also consider attacking the "life adjustment" blight at its philosophical source. With his engaging style, he could make a great contribution to the emergence of a new libertarian philosophy and a new politics which would disdain the Miss Alpha approach in all things, grammar school and secondary education included. • • •

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One Man's Fight for Freedom

By A. G. Heinsohn, Jr. Caldwell, Idaho: The Caxton Printers, Ltd., 1957. 157 pp. $3.00.

EVERY businessman entangled in the vast governmental network of administrative agencies will appreciate this record of one man's tireless fight for freedom since the early days of the New Deal.

Though a resident and textile mill operator of Knoxville, Mr. Heinsohn holds no brief for the Tennessee Valley Authority. In fighting for what he believes, he has likewise opposed price controls, minimum wage laws, farm price supports, and other political violations of Constitutional rights and economic laws. Typical of his

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attacks on the bureaucracy is a lengthy exchange, included in the book, with agents of the OPA who insisted that he furnish cost of production figures on a type of shirt material his factory had never manufactured.

Politicians, hired to do a job and eager to stay in office, are seldom influenced by the direct approach Mr. Heinsohn used. It is not surprising, therefore, that his most effective work has been with his friends and business associates.

In 1935, challenged by a new job as manager of a depression-ridden textile factory, he went directly to the workers in the plant. He gave them the facts about the firm's financial status, called for their cooperation, and pointed out that "the final judge is the customer." Mr. Heinsohn's policy of dealing directly with his workers led to trouble with the National Labor Relations Board. But his employees understood and in 1943 they rejected, by an overwhelming majority, the efforts of union agents to organize the plant.

Mr. Heinsohn writes of changeless principles and economic laws, concepts which, unfortunately, one all too seldom hears. If such ideas were more generally accepted, the world situation would be a very different one today. Only when these basic doctrines are widely understood can we hope for an end to government intervention, spending programs, make-work panaceas, and other political meddling; then and only then may we expect to enjoy the blessings of private enterprise and personal freedom of choice which Mr. Heinsohn rightly praises. BETTINA BIEN

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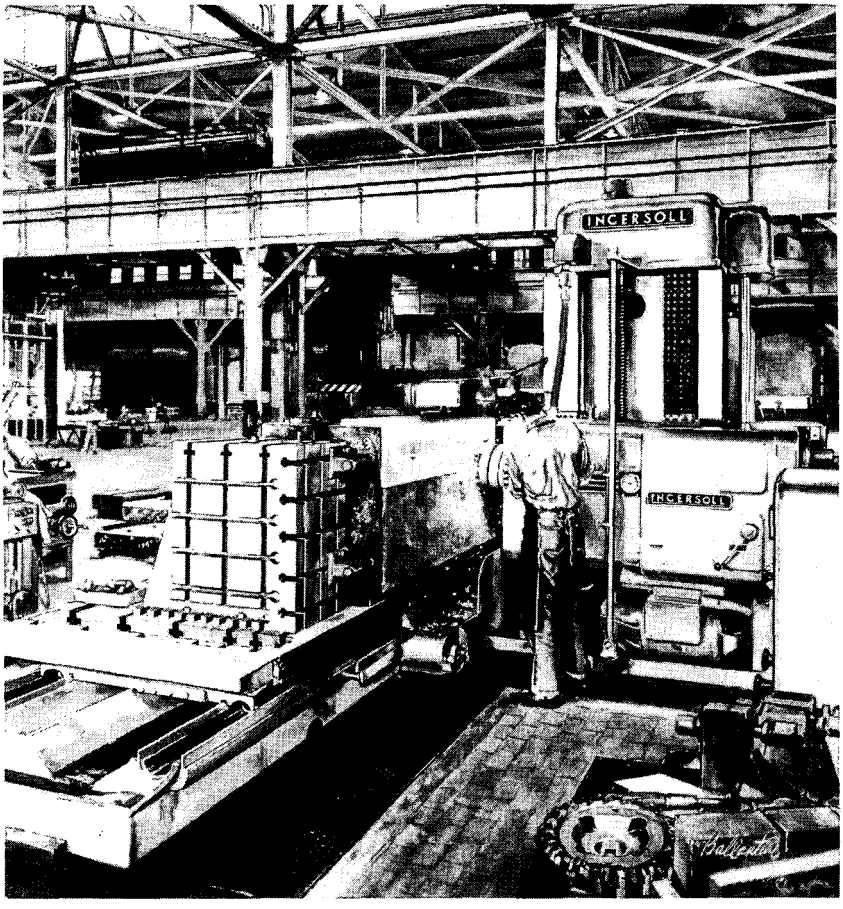

An economical answer to machining die block steel

Machining die block steel used to be a comparatively slow, costly process. It had the reputation of being "as tough as it comes." To increase production and lower costs, Ingersoll, during the war years, pioneered the development of heavy, rigid machines, fixtures and carbide cutting tools which now have made it practical to mill tool and die steels rather than plane them.

Ingersoll designed and built this 100 hp Openside Machine, work holding fixtures, cutting tools, cutter-sharpening and chip disposal equipment to meet die block and general milling requirements of the Allegheny Ludlum Steel Corporation plant in Dunkirk, New York.

THE INGERSOLL
MILLING MACHINE COMPANY ROCKFORD, ILL.

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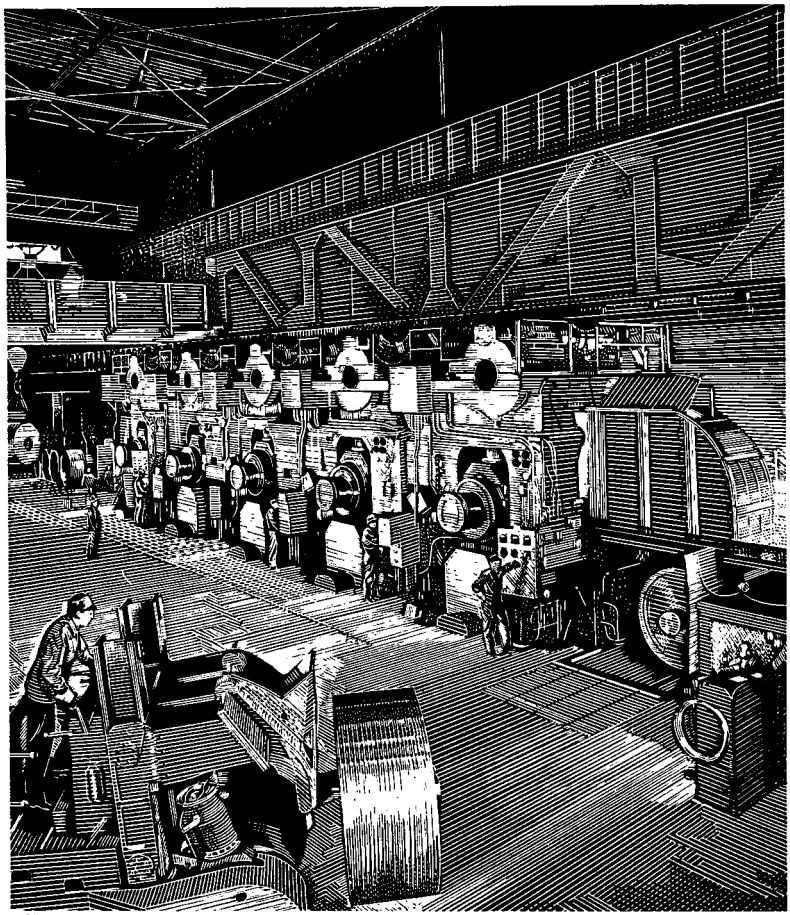

J&L's 5-Stand Tandem Mill at Aliquippa, Pa.

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IDEAS ON LIBERTY

- A person's concept of the cosmic order will ultimately dictate his view of human nature as well as his understanding of the ethical code which should guide his relationships to others. When men rightly apprehend their relationship with the nature of things and with each other, there is harmony and growth. But misunderstanding portends trouble, leading possibly to the collapse of a civilization if the wrong ideas are widely shared.

- The Foundation for Economic Education works within the framework of the spiritual and ethical understanding embodied in the heritage of Western Civilization. Its conviction is that this heritage, in its social aspects, spells out into the philosophy of limited government and free market economics. Political liberty and economic freedom, in turn, are important in man's quest for material sufficiency and spiritual growth.

- The Foundation's monthly publication, THE FREEMAN, prints articles dealing mainly with current efforts to restrain economic and political liberty, with the misunderstandings and fallacies which cause well-meaning people to invoke these restraints. On the positive side, it attempts to explore ways in which men in freedom resolve their economic and political problems.

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